HAP SENG
PLANTATIONS

Creating
Value
Together

HAP SENG PLANTATIONS HOLDINGS BERHAD

ANNUAL REPORT **2021**

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mohammed Bin Haji Che Hussein
Independent Non-Executive Chairman

Datuk Simon Shim Kong Yip, JP
Non-Independent Non-Executive Deputy Chairman

Datuk Edward Lee Ming Foo, JP
Managing Director

Lee Wee Yong
Executive Director

Cheah Yee Leng
Executive Director

Au Yong Siew Fah
Executive Director

Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP
Independent Non-Executive Director

Chong Kwea Seng
Independent Non-Executive Director

Choy Khai Choon
Independent Non-Executive Director

Tan Sri Amirsham Bin A Aziz
Independent Non-Executive Director

Andrew John Barber
Independent Non-Executive Director

Datuk Hamisa Binti Samat
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Cheah Yee Leng
(LS 0009398)
SSM Practising Certificate No. 202008000771

Lim Guan Nee
(MAICSA 7009321)
SSM Practising Certificate No. 202008003410

REGISTERED OFFICE

21st Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 603-2172 5228
Fax : 603-2172 5286
E-mail : inquiry@hapsengplantations.com.my
Website: www.hapsengplantations.com.my

PLACE OF INCORPORATION

Malaysia

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Lot 3A.01, Level 3A
Plaza Shell
29 Jalan Tunku Abdul Rahman
88000 Kota Kinabalu
Sabah

PRINCIPAL BANKER

Malayan Banking Berhad

GROUP FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2021	**2020**	**2019**	**2018**	**2017***
INCOME (RM'000)					
Revenue	**670,851**	467,595	418,598	390,756	555,072
Profit before interest and tax	**291,458**	110,020	38,412	36,186	145,904
Profit before tax	**290,260**	108,400	36,559	37,151	146,931
Profit attributable to owners of the Company	**224,023**	90,296	31,449	29,109	109,218
FINANCIAL POSITION (RM'000)					
Assets					
Total assets	**2,369,302**	2,181,885	2,137,699	2,070,055	2,115,908
Net assets	**1,882,871**	1,714,826	1,652,519	1,638,434	1,669,311
Current assets	**658,732**	380,377	242,828	232,286	273,419
Liabilities					
Current liabilities	**64,357**	48,269	50,363	42,370	53,786
Equity					
Paid-up share capital	**1,475,578**	1,475,578	1,475,578	1,475,578	1,475,578
Shareholders' equity	**1,882,871**	1,714,826	1,652,519	1,638,434	1,669,311
Number of shares					
- Weighted average shares in issue net of treasury shares ('000)	**799,685**	799,685	799,686	799,690	799,694
- Shares in issue net of treasury shares ('000)	**799,685**	799,685	799,685	799,687	799,691
SHARE INFORMATION					
Per share					
Basic earnings (sen)#	**28.01**	11.29	3.93	3.64	13.66
Net assets (RM)@	**2.35**	2.14	2.07	2.05	2.09
Dividend (sen)	**17.00**	7.00	2.50	2.50	11.00
Share price					
- Year High (RM)	**2.24**	2.12	2.14	2.63	2.73
- Year Low (RM)	**1.73**	1.25	1.40	1.61	2.45
- As at 31 December (RM)	**1.97**	1.80	2.13	1.64	2.55
Market capitalisation (RM' 000)	**1,575,379**	1,439,433	1,703,329	1,311,487	2,039,212
Trading volume ('000)	**23,169**	40,517	11,822	9,358	30,409
FINANCIAL RATIOS					
Return on total assets (%)	**9.46**	4.14	1.47	1.41	5.16
Return on shareholders' equity (%)	**11.90**	5.27	1.90	1.78	6.54
Current ratio (times)	**10.24**	7.88	4.82	5.48	5.08

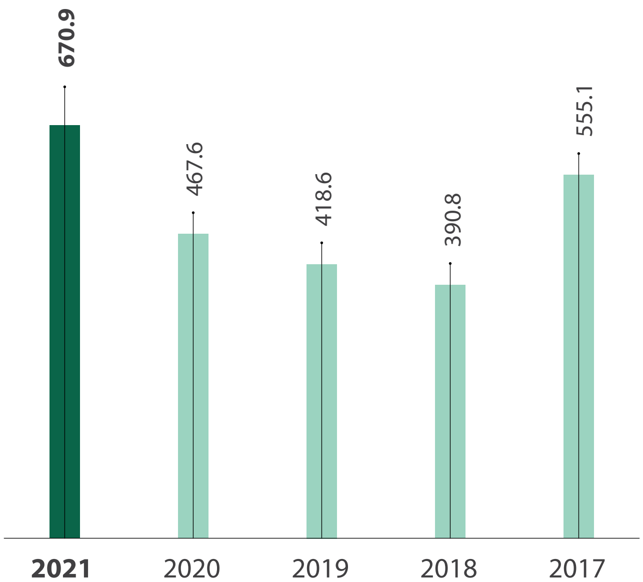
* The figures for financial year ended 31 December 2017 have been restated to reflect the application of the Malaysian Financial Reporting Standards framework

\# Based on weighted average number of shares in issue net of treasury shares ('000)

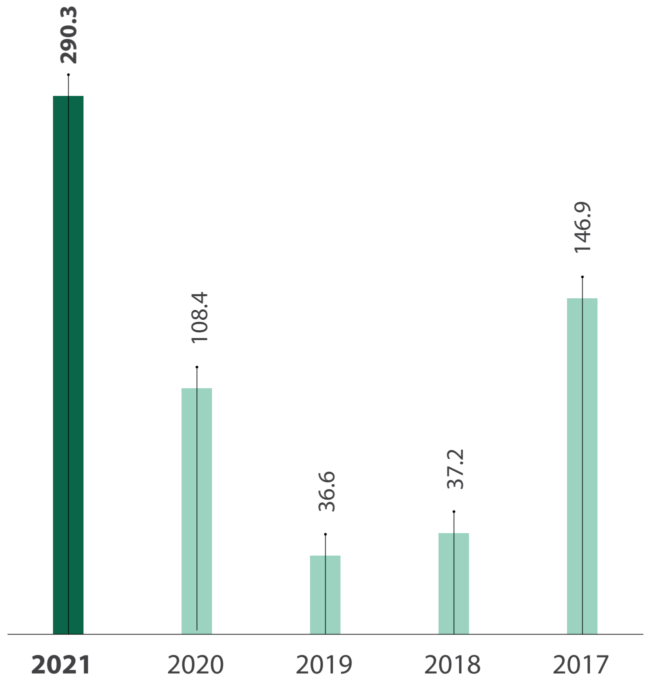
@ Based on number of shares in issue net of treasury shares ('000)

GROUP FINANCIAL HIGHLIGHTS

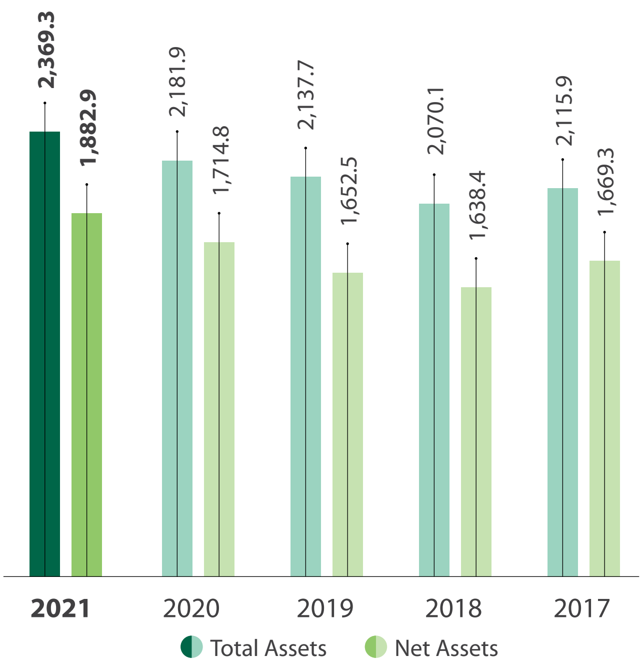
REVENUE
(RM'million)



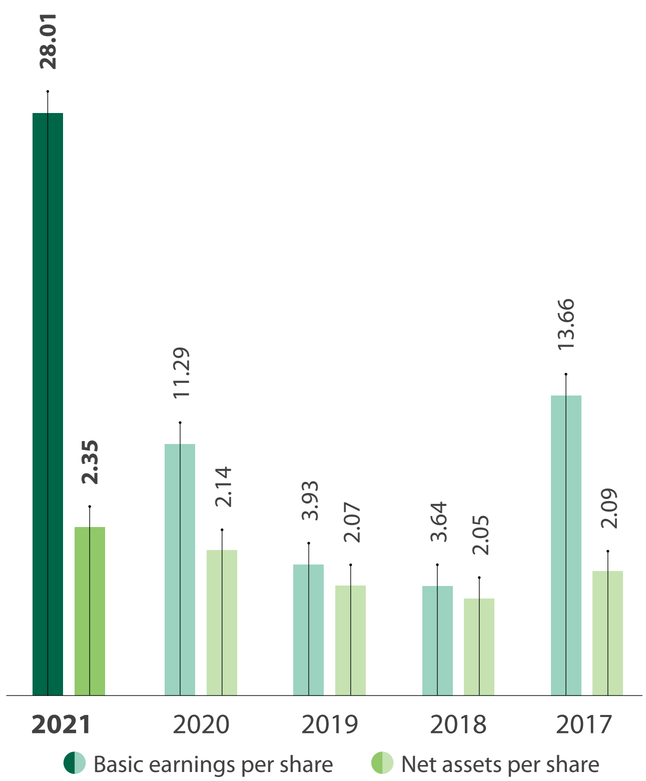
PROFIT BEFORE TAX
(RM'million)



TOTAL ASSETS/NET ASSETS
(RM'million)



BASIC EARNINGS PER SHARE/ NET ASSETS PER SHARE
(sen)/(RM)



MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group is an oil palm plantation company listed on Bursa Malaysia. The Group is one of the largest producers of sustainable palm oil in Sabah with a landbank of 39,727 hectares across five estates. These estates are the Jeroco Group of Estates (JGOE), Tomanggong Group of Estates (TMGOE), Sungai Segama Group of Estates (SSGOE), Ladang Kawa Estate, Pelipikan and Kota Marudu Estates, with JGOE, TMGOE and SSGOE being contiguous to each other in Lahad Datu. The Group also owns and operates four Roundtable on Sustainable Palm Oil (RSPO) certified palm oil mills.

Group Revenue
RM670.9 million

Operating Profit
RM292.6 million

MARKET CONDITION

In 2021, the Malaysian palm oil industry continued face labour shortages due to the various movement restrictions arising from the COVID-19 pandemic, causing disruptions in the plantations' Fresh Fruit Bunch (FFB) harvesting and milling processes. This resulted in the Malaysian palm oil production to drop by 5% to 18.12 million tonnes (2020: 19.14 million tonnes). This reduction in production has caused export supplies in 2021 to fall short of expectations, recording a decline of 11% to 15.57 million tonnes (2020: 17.40 million tonnes).

The decline in production was reflected in the Crude Palm Oil (CPO) prices, which rallied during the 2nd half of 2021, peaking at RM5,429 per tonne in November 2021. CPO price ended the year at an average of RM4,407 per tonne (2020: RM2,685 per tonne). The Sabah average CPO price was RM4,506 per tonne (2020: RM2,671 per tonne).

MANAGEMENT STRATEGIES

Vision

Our vision is to achieve optimum productivity and to be the most cost-efficient producer in Malaysia.

Key Market

The Group sells its palm products generally through Spot Sales and Forward Contracts basis. Majority of the sales were local delivered sales to refiners within Malaysia and a certain percentage of the sales are exported on free-on-board basis.

MANAGEMENT DISCUSSION AND ANALYSIS

2021 FINANCIAL REVIEW

The Group's performance for the financial year improved significantly over the preceding financial year in tandem with the overall performance of the Malaysian palm oil industry. The Group revenue for the financial year under review grew by 43.5% to RM670.9 million (2020: RM467.6 million).

Operating profit increased by 163.8% over the previous financial year to RM292.6 million (2020: RM110.9 million). Consequently, the earnings per share attributable to the shareholders increased by 148.1% to 28.01 sen (2020: 11.29 sen).

The Group recorded an average realized price of CPO and Palm Kernel (PK) of RM4,432 per tonne (2020: RM2,788 per tonne) and RM2,952 per tonne (2020: RM1,681 per tonne) respectively during the year. This was close to Sabah average CPO selling price of RM4,506 per tonne and 10.4% higher than Sabah average PK selling price of RM2,675 per tonne.

In addition, CPO production cost (excluding amortization of bearer plant and surplus on fair value; and after taking into account PK credits) for the financial year was approximately 9.6% higher at RM1,844 per tonne (2020: RM1,682 per tonne) mainly due to lower CPO production and higher fertilizer cost.

Dividend Policy

The Group has a dividend policy of distributing approximately 60% of the total Group's profit after tax to shareholders annually. The Board declared a total dividend of 17.0 sen per share for FY2021 (2020: 7.0 sen) representing a pay-out ratio of approximately 61%.

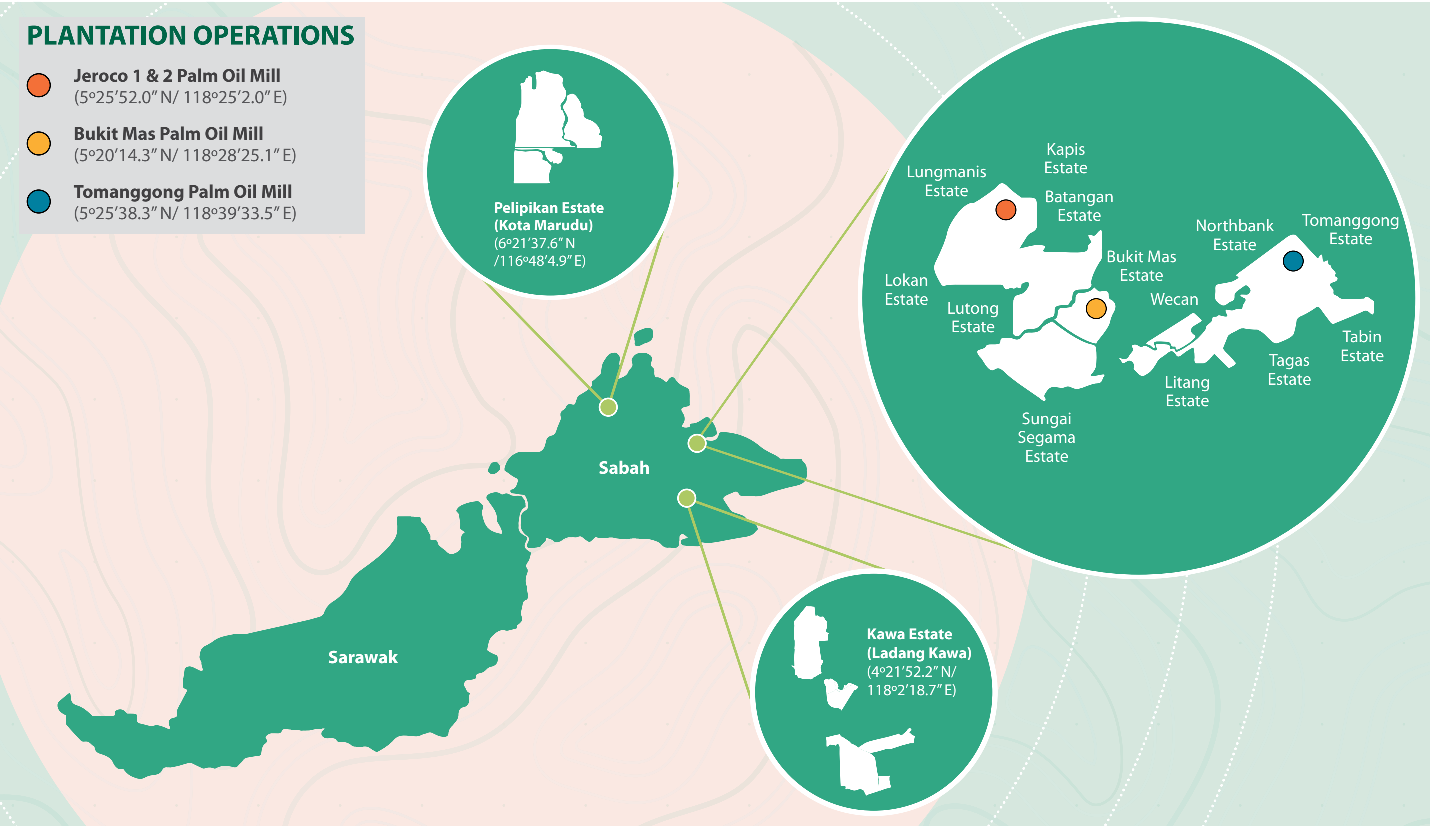
Strategies in Creating Value

As a member of the RSPO, the Group is fully committed to sustainability initiatives which are enshrined in the RSPO Principles and Criteria. RSPO has the objective of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

Benefits of certification amongst others are as follow:

- Better access to international markets, especially Europe
- Price premium for certified sustainable palm oil (CSPO)
- Reduced emission of greenhouse gases through methane capture in effluent treatment plant
- Improved compliance with regulatory requirements

MANAGEMENT DISCUSSION AND ANALYSIS



OPERATIONAL PERFORMANCE

Planting Operations

As at 31 December 2021, the Group had a total planted area of 35,434 hectares (2020: 35,434 hectares) out of a total area of 39,727 hectares. Of the total planted area, approximately 91% or 32,436 hectares (2020: 32,286 hectares) were mature areas, with the average age of 16.3 years (2020: 15.9 years).

	Hectares
Immature	2,998
30 months to 7 years	4,933
> 7 years to 17 years	10,279
> 17 years	17,224
Total planted – oil palm	35,434
Immature – other crops	146
Total planted area	35,580
Reserve plantable	113
Building, road, reserves, etc	4,034
Total Area	**39,727**

For FY2021, the Group had 2,998 hectares of immature of oil palm out of which 1,105 hectares are expected to mature in 2022. The division replanted 832 hectares during the 2021 financial year.

Area Statement of the Group as of 31 December 2021 was as follows:

	Total Area (hectares)	Planted Area (hectares)	Mature Area (hectares)	Percentage of Mature Area
JGOE(i)	14,117	*12,808	12,048	94.1%
TMGOE(ii)	12,806	**11,863	10,606	89.4%
SSGOE(iii)	9,907	8,743	7,616	87.1%
Ladang Kawa	724	678	678	100.0%
Pelipikan	1,365	903	903	100.0%
Kota Marudu	***808	585	585	100.0%
Total	39,727	35,580	32,436	91.2%

(i) JGOE refers to Jeroco group of estates
(ii) TMGOE refers to Tomanggong group of estates
(iii) SSGOE refers to Sungai Segama group of estates

* Including 86 hectares planted with Jelutong trees
** Including 60 hectares planted with Sepat trees
*** Including 81 hectares of land adjoining to the existing land of which the land title is currently under application

Milling Operations

The Group's milling operations are undertaken by four mills with a combined milling capacity of 180 FFB tonnes per hour. The Group's mills, which include Jeroco Palm Oil Mill 1, Jeroco Palm Oil Mill 2, Tomanggong Palm Oil Mill and Bukit Mas Palm Oil Mill, recorded an average utilization rate of 62% in 2021 (2020: 67%).

Sustainability and Food Safety Certification

The Group strives to ensure FFB used in its production, whether sourced internally or externally, are certified to be sustainable. To this end, the Group has reviewed the targets to ensure all its FFB achieve RSPO certification by 2022. The reviewed target of time-bound plan to achieve 100% RSPO certified sustainable palm oil from 2020 to 2022 was accepted by RSPO in 2019 RSPO Annual Communication Progress report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has obtained RSPO certification for 100% of all its palm oil mills and 82% of its estates. International Sustainability and Carbon Certification EU (ISCC EU) certifications was also obtained for all its palm oil mills in 2016. In addition, the Group has obtained Malaysian Sustainable Palm Oil (MSPO) certification for all its 15 estates and four palm oil mills in 2018.

The Group continues to engage with independent local outgrowers and smallholders to raise sustainability awareness and the benefits associated therewith.

As at 31 December 2021, eight out of the 11 independent local outgrowers and smallholders (73%) participated in obtaining the RSPO and MSPO certification. Three independent local outgrowers and smallholders have obtained both RSPO and MSPO certification in the period of 31 December 2019 to 16 March 2020 while another three independent local outgrowers achieved MSPO Certification as at December 2021.

As part of the Group's effort to improve the palm products' marketability for food application, all the Group's mills are Hazard Analysis Critical Control Points (HACCP), Makanan Selamat Tanggungjawab Industri (MeSTI) and HALAL certified.

SHORT & LONG-TERM GOALS

The various certifications obtained on RSPO, HACCP, MSPO, ISCC EU, HALAL and MeSTI are a testament to the Group's commitment to be a sustainable palm oil producer in compliance with global sustainability standards for agriculture production and to enhance market accessibility with good quality or specification of palm oil produced that meet the market requirement.

ANTICIPATED OR KNOWN RISKS

The Group is expected to face challenges arising from the increase in cost of production and labour shortages. Towards this end, the Group continues to conduct regular feasibility reviews with the aim of mechanizing part of its processes in order to reduce the cost and labour dependency. Concurrently, plantation management conducts regular workers' wages review to ensure a competitive market rate is paid to improve the workers retention rate.

Employee's safety, health and wellbeing has always been of utmost importance to the Group, in particular during this COVID-19 pandemic. The Group continues to carry out swab test for all workers, providing necessary PPE, tightening movement control and setting up temporary quarantine centre in accordance with the MOH guideline.

OUTLOOK FOR 2022

The Malaysian palm oil industry has recorded all-time high CPO price of over RM8,000 per tonne in the 1st quarter of 2022, due to the disruption in the supply of competing edible oils and exacerbated by the current geopolitical tensions. This is further supported by lower CPO production output, shortages of competing edible oils and increasing demand backed by the global economic recovery. Indonesia has, in March 2022, removed its domestic market obligation (DMO), potentially softening CPO prices by allowing more supply of Indonesian CPO into the global market. However, the rising crude oil prices may increase the offtake of CPO for biodiesel, particularly if Indonesia decides to go ahead with its B40 mandate in 2022, further supporting high CPO prices. Nevertheless, CPO prices are expected to remain healthy for the 1st half of the year with an anticipated minor correction in the 2nd half when CPO production is expected to rise.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's prospects mostly depends on the domestic and global macroeconomic factors which affect the palm oil market, weather conditions in major countries producing oil seeds, government policy on biodiesel and the seasonal cropping pattern of FFB.

Palm oil production for the 1st quarter of 2022 is showing signs of recovery in palm oil production despite heavy rains and flooding, particularly in Sabah which affected harvesting and processing activities. However, the Group anticipates upward cost pressures from rising fertilizer and fuel cost, coupled with the increase in minimum wage effective May 2022.

It is forecast that in 2022, Malaysian palm oil production will likely reach close to 19 million tonnes. The recent change in export tax structure and domestic cooking oil policy in Indonesia, which incentivize processed palm oil exports and make crude palm oil of Indonesian origin to be more costly, will likely shift demand for CPO from Indonesia to Malaysia. This augurs well for the country's exports and prices support.

ACKNOWLEDGMENT

The Company would like to express its gratitude and thanks to its Board of Directors and shareholders for their guidance and support. The Company would like to extend its gratitude to Datuk Jasa @ Ismail Bin Rauddah, who resigned as non-independent non-executive director on 31 May 2021, for his dedicated service to the Company and Board.

The Company would also like to warmly welcome Datuk Hamisa Binti Samat, who joined the board as a non-independent non-executive director on 1 June 2021.

The Company would also like to thank the management and staff for their significant contributions over the years and further acknowledges the support given to the Group from its bankers, business partners, clients, customers and suppliers as we continue to create value for all stakeholders.

Highlights of Group Financial information for the past 5 financial year

Financial	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue (RM'000)	555,072	390,756	418,598	467,595	670,851
Profit before tax (RM'000)	146,931	37,151	36,559	108,400	290,260
Profit attributable to owners of the Company (RM'000)	109,218	29,109	31,449	90,296	224,023
Earnings per share (sen)	13.66	3.64	3.93	11.29	28.01

BOARD OF DIRECTORS

1 **Cheah Yee Leng**
Executive Director

2 **Datuk Simon Shim Kong Yip, JP**
Non-Independent Non-Executive Deputy Chairman

3 **Dato' Mohammed Bin Haji Che Hussein**
Independent Non-Executive Chairman

4 **Datuk Edward Lee Ming Foo, JP**
Managing Director

5 **Lee Wee Yong**
Executive Director

Sitting from left to right

6 **Chong Kwea Seng**
Independent Non-Executive Director

7 **Andrew John Barber**
Independent Non-Executive Director

8 **Datuk Hamisa Binti Samat**
Non-Independent Non-Executive Director

9 **Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP**
Independent Non-Executive Director

10 **Tan Sri Amirsham Bin A Aziz**
Independent Non-Executive Director

11 **Au Yong Siew Fah**
Executive Director

12 **Choy Khai Choon**
Independent Non-Executive Director

Standing from left to right

DIRECTORS' PROFILE

Dato' Mohammed Bin Haji Che Hussein

Independent Non-Executive Chairman

Dato' Mohammed Bin Haji Che Hussein, male, a Malaysian, aged 71, is an independent non-executive chairman of Hap Seng Plantations Holdings Berhad and was appointed to this position on 31 May 2019. He is also a member of the Audit Committee, Remuneration Committee and Nominating Committee.

Dato' Mohammed Hussein is also the independent non-executive chairman of Gamuda Berhad, Syarikat Takaful Malaysia Keluarga Berhad and Credit Guarantee Corporation Malaysia Berhad as well as an independent non-executive director of Bank of America Malaysia Berhad. In addition, he is also the chairman of Corporate Debt Restructuring Committee (CDRC) sponsored by Bank Negara Malaysia to facilitate the resolution and restructuring of major corporate debts and a Fellow of the Asian Institute of Chartered Bankers.

Dato' Mohammed Hussein obtained a Bachelor of Commerce degree majoring in Accounting from the University of Newcastle, New South Wales, Australia. He is an alumnus of the Advanced Management Program, Harvard Business School, Boston, USA and attended several management programmes in Wharton Business School (Philadelphia, USA), IMD (Lausanne, Switzerland) and INSEAD (Fontainebleau, France).

During his 31-year career in the Malayan Banking Berhad (Maybank) Group, Dato' Mohammed Hussein held various senior management positions including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Managing Director of Aseambankers Malaysia Berhad (currently known as Maybank Investment Bank Berhad) and Executive Director (Business Group). The last position held prior to his retirement on 30 January 2008 was Deputy President/Executive Director/Chief Financial Officer of Maybank Group.

Dato' Mohammed Hussein does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Datuk Simon Shim Kong Yip, JP

Non-Independent Non-Executive Deputy Chairman

Datuk Simon Shim Kong Yip, JP, male, a Malaysian, aged 65, is a non-independent non-executive deputy chairman of Hap Seng Plantations Holdings Berhad. He was first appointed as a non-independent non-executive director on 9 August 2007 and became the deputy chairman on 23 February 2015. He is also a member of the Nominating Committee and Remuneration Committee.

In addition, Datuk Simon Shim is a non-independent non-executive director of Hap Seng Consolidated Berhad. He is also a non-independent non-executive director of Lam Soon (Thailand) Public Company Limited, a company listed on the Stock Exchange of Thailand.

Datuk Simon Shim is a director of both Lei Shing Hong Limited and Lei Shing Hong Securities Limited. Lei Shing Hong Securities Limited, a company registered with the Securities and Futures Commission Hong Kong, is a wholly-owned subsidiary of Lei Shing Hong Limited, a company incorporated in Hong Kong.

Datuk Simon Shim is the managing partner of Messrs Shim Pang & Co. He holds a Master Degree in law from University College London, London University and is a Barrister-at-law of the Lincoln's Inn, London, an Advocate and Solicitor of the High Court in Sabah and Sarawak, a Notary Public and a Justice of the Peace in Sabah. He is a Chartered Arbitrator and a Fellow of both the Chartered Institute of Arbitrators, United Kingdom and the Malaysian Institute of Arbitrators. He was a member of the Malaysian Corporate Law Reform Committee and its working group on Corporate Governance and Shareholders' Rights.

Datuk Simon Shim does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interest with the Company save for the related party transactions disclosed in Note 24 to the Financial Statements. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Datuk Edward Lee Ming Foo, JP

Managing Director

Datuk Edward Lee Ming Foo, JP, male, a Malaysian, aged 67, is the managing director of Hap Seng Plantations Holdings Berhad. He was first appointed to the board on 15 May 2007 as an executive director and assumed the current position since 18 September 2007.

In addition, Datuk Edward Lee is the managing director of both Gek Poh (Holdings) Sdn Bhd and Hap Seng Consolidated Berhad, the former being the Company's ultimate holding company and the latter being the Company's immediate holding company which is listed on the Main Market of Bursa Malaysia Securities Berhad. Datuk Edward Lee is also a non-independent non-executive director of Hafary Holdings Limited, a company incorporated in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

Datuk Edward Lee graduated with a degree in Bachelor of Arts from the McMaster University in Canada in 1977. He joined Malaysian Mosaics Sdn Bhd (formerly Malaysian Mosaics Berhad) group in 1980, became its chief operating officer in 1995 and was its managing director from 31 March 2005 to 31 January 2007.

Datuk Edward Lee does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company save for the related party transactions disclosed in Note 24 to the Financial Statements. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Lee Wee Yong

Executive Director

Lee Wee Yong, a Malaysian, male, aged 74, is an executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 2 February 2011.

In addition, Mr. Lee is a director of Gek Poh (Holdings) Sdn Bhd and an executive director of Hap Seng Consolidated Berhad.

Mr. Lee holds a degree in Bachelor of Commerce and Administration from Victoria University in New Zealand and is a member of the Malaysian Institute of Accountants and Chartered Accountants Australia and New Zealand. He joined Malaysian Mosaics Sdn Bhd (formerly Malaysian Mosaics Berhad) group in 1992 and was appointed as a director since 1 March 1999. He also assumed the position of group chief financial officer from 1 March 2003 to 15 December 2005.

Mr. Lee does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Cheah Yee Leng

Executive Director

Cheah Yee Leng, female, a Malaysian, aged 53, is an executive director of Hap Seng Plantations Holdings Berhad (HSP) and was appointed to this position on 1 March 2016. She is also the Group Company Secretary of HSP.

In addition, Ms. Cheah is a non-independent non-executive director of Paos Holdings Berhad and Hafary Holdings Limited, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

Ms. Cheah joined Hap Seng Consolidated Berhad (HSCB) group of companies in 1997 and was appointed as an executive director on 1 June 2014. She is presently the Director of Corporate Affairs and the Legal Counsel of HSCB Group.

Ms. Cheah holds a Bachelor of Economics Degree and Bachelor of Laws Degree from Monash University in Australia.

Ms. Cheah does not have any family relationship with any director and/or major shareholder nor does she have any conflict of interests with the Company. She has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

She attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Au Yong Siew Fah

Executive Director

Au Yong Siew Fah, male, a Malaysian, aged 71, is an executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 31 July 2007.

Mr. Au Yong has more than 52 years of extensive experience in all aspects of management of large plantations for major crops. He started his career as a cadet planter with Yule Catto Plantations Sdn Bhd in Kluang, Johor in 1969 after attending the Royal Military College and rose through the ranks to various capacities such as estate controller and planting adviser.

Mr. Au Yong obtained the Diploma of the Associate of Incorporated Society of Planters in 1974. He is one of the founding members of the Malaysian Palm Oil Association (MPOA) and is presently the vice-chairman. He served as a member of the Malaysian Palm Oil Board (MPOB) during the years from 2008 to 2016 and was re-appointed in 2018.

Mr. Au Yong does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP

Independent Non-Executive Director

Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP, male, a Malaysian, aged 72, is an independent non-executive director of Hap Seng Plantations Holdings Berhad (HSP) and was appointed to this position on 23 August 2017. Prior to this, he was a non-independent non-executive director of HSP from 1 June 2014 to 22 August 2017. He is also the chairman of the Remuneration Committee.

Datuk Amat Asri holds a Bachelor of Laws (LLB) and Diploma in Development Administration from England, United Kingdom. After completing his Higher School Certificate in 1969 and upon graduation, Datuk Amat Asri spent 20 years in Sabah Civil Service from 1970 to 1990. Thereafter, he was with Hap Seng Sdn Bhd from 1990 to 1996 as its chief officer of the Legal and General Affairs. He then went into legal practice in Sabah from 1997 to 1999. He was appointed by the Sabah Government as a Senior Public Relations Secretary cum Senior Private Secretary from 2000 to 2004 where he served two Chief Ministers consecutively. In addition, Datuk Amat Asri is a trustee of Lau Gek Poh Foundation.

Datuk Amat Asri does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Chong Kwea Seng

Independent Non-Executive Director

Chong Kwea Seng, male, a Malaysian, aged 67, is an independent non-executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 1 June 2017. He is also the chairman of the Nominating Committee.

In addition, Mr. Chong is an independent non-executive director of MeGroup Ltd, a company incorporated in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited.

Mr. Chong had held various senior management positions since he commenced employment in 1978. In 2002, he was promoted to sales director before his appointment as Managing Director of Sime Darby Industrial Sdn Bhd (SDI) (previously known as Tractors Malaysia (1982) Sdn Bhd) in July 2006. In July 2006, he was also appointed as the Managing Director of China Engineers Ltd, Sime Darby's Caterpillar Dealer in Hong Kong and China. His global experience gave him an outstanding opportunity to interact with world class principals from USA, Japan and Europe as he was involved in chairing many of these successful joint venture companies with SDI. The two stints as the chief executive officer in China also gave him a unique opportunity to witness the business growth of unprecedented proportions and dealt with the associated challenges. During the span of his career, he had won numerous recognitions and awards including Caterpillar's inaugural Global Excellence Award in 2015.

Mr. Chong holds a Bachelor of Science in Mechanical Engineering with First Class Honours from Heriott-Watt University, United Kingdom and Diploma in Mechanical Engineering with First Class Honours from University Teknologi Malaysia.

Mr. Chong does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Choy Khai Choon

Independent Non-Executive Director

Choy Khai Choon, male, a Malaysian, aged 64, is an independent non-executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 20 November 2017. He is also a member of the Audit Committee.

Mr. Choy is the independent non-executive chairman of Zurich Life Insurance Malaysia Berhad and Zurich General Insurance Malaysia Berhad. He is also an independent non-executive director of MSM Malaysia Holdings Berhad as well as a non-independent non-executive director of Kenanga Investment Bank Berhad. In addition, Mr. Choy is also a board member of Asian Banking School Sdn Bhd and Bond and Sukuk Information Platform Sdn Bhd, a non-profit information platform established to provide free public access to information on bonds and sukuk issued in Malaysia, a public interest director of Federation of Investment Managers Malaysia (FIMM) as well as a member of the Labuan Financial Services Authority (Labuan FSA).

Mr. Choy has extensive experience in the financial sector and had served as the president/chief executive officer of Cagamas Berhad for 6 years before retiring in March 2012. Prior to that, he was the senior general manager, Head of Group Business Engineering of RHB Banking Group and held various senior positions with Aviva Insurance Group and Credit Corporation Malaysia Berhad.

Mr. Choy holds a Master in Business Administration from Oklahoma City University, USA and Bachelor of Commerce from University of New South Wales, Australia. He also attended general management programme at INSEAD, France. In addition, he is a Fellow of the Certified Practising Accountants Australia and member of the Malaysian Institute of Accountants.

Mr. Choy does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Tan Sri Amirsham Bin A Aziz

Independent Non-Executive Director

Tan Sri Amirsham Bin A Aziz, male, a Malaysian, aged 71, is an independent non-executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 5 July 2019. He is also the chairman of the Audit Committee.

Tan Sri Amirsham is a non-executive director of Wearnes-StarChase Limited, a company incorporated in Singapore. In addition, he is an independent non-executive chairman of RAM Holdings Berhad, RAM Rating Services Berhad and Sunway REIT Management Sdn Bhd which manages Sunway Real Estate Investment Trust, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad.

Tan Sri Amirsham holds degree in Bachelor of Economics (Hons) from University of Malaya. He is a member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Amirsham was the president and chief executive officer of Malayan Banking Berhad from 1994 to 2008 before assuming the position as a minister in Prime Minister's Department in charge of the Economic Planning Unit and Department of Statistics from March 2008 to April 2009. On 1 June 2009, he was appointed as the chairman of the National Economic Advisory Council which he served until 31 May 2011. In addition, he served as the independent non-executive chairman of Bursa Malaysia Berhad from 1 March 2015 to 1 March 2019.

Tan Sri Amirsham does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Andrew John Barber

Independent Non-Executive Director

Andrew John Barber, male, a British, aged 63, is an independent non-executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 24 February 2020.

Mr. Barber is also the managing director and proprietor of Andrew Barber & Associates Sdn Bhd as well as the executive chairman and co-proprietor of Barber-Mullan & Associates Sdn Bhd.

Mr. Barber started his career in British Foreign and Commonwealth Office. During his 20-year employment with the Diplomatic Service, Mr. Barber focused on security affairs, in particular in South and South East Asia and Africa. A secondment to the British Cabinet Office resulted in a period spent working on high-level security analysis and policy. After leaving government service, in 2011 Mr. Barber joined the International Federation of Spirit Producers and was its Managing Director from 2015 until 2018.

Mr. Barber holds a Master's Degree in History from Cambridge University, United Kingdom, and is a Fellow of the Royal Asiatic Society.

Mr. Barber does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

He attended all the 5 board meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

Datuk Hamisa Binti Samat

Non-Independent Non-Executive Director

Datuk Hamisa Binti Samat, female, a Malaysian, aged 72, is a non-independent non-executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 1 June 2021.

Datuk Hamisa started her career as a teacher and later involved in politics when she had elected as member for Tanjong Batu's Sabah State Legislative from March 2004 until September 2020. She is an active member of several charitable women interest non-governmental organizations and is presently, the Patron of Kelab Kesihatan UMAS FELDA, chairlady of Wanita Usia Bandar Tawau and Persatuan Wanita Islam Sabah. Datuk Hamisa was the chairlady of Supernesa Sdn Bhd from 2008 to 2013.

Datuk Hamisa does not have any family relationship with any director and/or major shareholder nor does she have any conflict of interests with the Company. She has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

She attended all the 2 board meetings held subsequent to her appointment to the Board on 1 June 2021 during the financial year ended 31 December 2021.

SENIOR MANAGEMENT TEAM'S PROFILE

1 Mak Wai Ming

General Manager – Finance

Mak Wai Ming, male, a Malaysian, aged 58, is the general manager of finance division of Hap Seng Plantations Holdings Berhad (HSP) and was appointed to this position on 1 January 2015.

Mr. Mak joined HSP on 1 November 2007 as general manager of corporate development and redesigned as general manager of commodities trading of HSP group of companies on 1 April 2009.

Mr. Mak is a member of the Chartered Institute of Management Accountants and the Malaysian Institute of Accountants.

Mr. Mak does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

2 Peter Liew Chi Kiaw

General Manager – Plantation Advisory

Peter Liew Chi Kiaw, male, a Malaysian, aged 70, is the general manager of plantation advisory of Hap Seng Plantations Holdings Berhad (HSP) and was appointed to this position on 1 January 2018. Mr. Peter Liew joined the Company in August 2013 as senior planting advisor before assuming the present position.

Mr. Peter Liew has more than 40 years of work experience in the plantation industry. Prior to him joining HSP, he was with several major plantation companies in Sabah. He has also worked in West Africa and Indonesia as a general manager - planting advisor.

Mr. Peter Liew obtained a Diploma from the Associate of Incorporated Society of Planters.

Mr. Peter Liew does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

3 Anselmius @ Robert Kimon

General Manager – Processing

Anselmius @ Robert Kimon, male, a Malaysian, aged 54, is the general manager of the mill processing division of Hap Seng Plantations Holdings Berhad (HSP) and was appointed to this position on 1 January 2015.

Mr. Anselmius joined HSP in August 2003 and was promoted to chief engineer in May 2010. He has more than 20 years of work experience in the palm oil mill industry.

Mr. Anselmius holds a Bachelor of Mechanical Engineering (Hons) degree from University of Technology Malaysia.

Currently, Mr. Anselmius holds 10,000 HSP shares.

Mr. Anselmius does not have any family relationship with any directors and/or major shareholders nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

SENIOR MANAGEMENT TEAM'S PROFILE

4

Gan Lu Yee

Financial Controller - Plantations

Gan Lu Yee, male, a Malaysian, aged 45, is the financial controller of Hap Seng Plantations Holdings Berhad (HSP) and was appointed to this position on 1 April 2011.

Mr. Gan joined Hap Seng Plantations (River Estates) Sdn Bhd, the wholly-owned subsidiary of the Company in 2004 as account manager before assuming the present position.

Mr. Gan is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.

Mr. Gan does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

5

Kee Keow Chong

General Manager – Agronomy

Kee Keow Chong, male, a Malaysian, aged 47, is the general manager, agronomy department of Hap Seng Plantations Holdings Berhad and was promoted to this position on 1 January 2018. Mr. Kee joined the Company in April 2014 as chief agronomist before assuming the present position.

Mr. Kee started his career as a research executive with Asiatic Development Berhad in 1999. Thereafter, he joined the plantation division of IOI Corporation Berhad as an estate assistant manager from 2002 to 2004 and Genting Plantations Berhad as an agronomist from 2004 to 2014.

Mr. Kee holds a Bachelor of Science (Bioindustry) degree from University Putra Malaysia.

Mr. Kee does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company. He has not been convicted of any offence in the past 5 years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

This corporate governance overview statement ("CG Statement") of Hap Seng Plantations Holdings Berhad ("HSP" or the "Company" and "Group" refers to HSP's group of companies) is prepared pursuant to paragraph 15.25(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("LRs" and "Bursa Securities"), with guidance being drawn from Practice Note 9 of LRs and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

The CG Statement is supplemented by a corporate governance report ("CG Report") prepared in accordance with the prescribed format of paragraph 15.25(2) of the LRs. The CG Report is to provide a detailed articulation on the extent to which the Company has complied with the corporate governance practices set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"). The CG Report is available on the Company's website, www.hapsengplantations.com.my as well as the website of Bursa Securities.

This CG Statement should also be read in conjunction with the other statements in this annual report (e.g. Statement on Risk Management and Internal Control, Reports on Audit, Nominating and Remuneration Committees and Sustainability Statement) as the application of certain corporate governance enumerations may be more succinctly explained in the context of the respective statements.

Corporate Governance Approach

The board of HSP ("Board") is committed to ensure that the Company remains strong, viable and sustainable to deliver value to both its shareholders and stakeholders. The Board believes that a robust and dynamic corporate governance framework is essential for effective and responsible decision-making at the Company.

The Company's overall approach to corporate governance is to:

- have the appropriate people, processes and structures to direct and manage the business and affairs of the Company;
- drive the application of good corporate governance practices through the alignment of the interests of shareholders, the stakeholders and the Company; and
- embed sound corporate governance practices into the Company's broader responsibility to shareholders, customers and the communities in which it operates.

For this purpose, the Board strives to promote meaningful and thoughtful application of good corporate governance practices. Recognizing that improving corporate governance practices is a dynamic and evolving process, the Company will continue to enhance accountability, objectivity and transparency in its operations.

A summary of the Company's corporate governance practices with reference to the MCCG is described below.

Responsibilities of the Board

The Board is responsible for overseeing the management of the business and affairs of the Group, including the commitment to sustainability, in the best interest of the Company.

The Board has established three board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (collectively the "Board Committees"), with clear terms of reference. By engaging closely and actively with the Board, the Board Committees are able to effectively assist the Board in the discharging of its oversight function.

Board Committees	Responsibilities of Board Committees
AC	The AC is responsible to support the Board with its oversight role in the areas of financial reporting, related party transactions and conflicts of interests, internal control environment, internal audit and external audit as well as the Group's overall risk management system.
NC	The NC is responsible to recommend candidates to be appointed to the Board and Board Committees, annually evaluate performance of the Board and the Board Committees as well as to develop succession plans for directors of the Company.
RC	The RC is to set out the Group's remuneration policy, and to make remuneration recommendations for executive directors, non-executive directors and senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Board Committees meet regularly to deliberate on matters under their respective purview. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results, risk management status report and sustainability report. Meeting attendance of Board members and members of the various Board Committees during the financial year ended 31 December 2021 is as follows:

Director	Board	AC	RC	NC
Dato' Mohammed Bin Haji Che Hussein	5/5	5/5	1/1	1/1
Datuk Simon Shim Kong Yip, JP	5/5		1/1	1/1
Datuk Edward Lee Ming Foo, JP	5/5			
Lee Wee Yong	5/5			
Cheah Yee Leng	5/5			
Au Yong Siew Fah	5/5			
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP	5/5		1/1	
Chong Kwea Seng	5/5			1/1
Choy Khai Choon	5/5	5/5		
Tan Sri Amirsham Bin A Aziz	5/5	5/5		
Andrew John Barber	5/5			
Datuk Hamisa Binti Samat[1]	2/2*			
Datuk Jasa @ Ismail Bin Rauddah[2]	2/3#			

1 Appointed to the Board w.e.f. 1 June 2021.
2 Resigned on 31 May 2021.
* There were 2 meetings held subsequent to her appointment.
# There were 3 meetings held prior to his resignation.

Board/Board Committee Chairman

Member

There is a clear demarcation of responsibilities between Board and management of the Group ("Management"). While the Board directs and governs the Management, it does not unduly usurp the operational and implementation role of Management. The chairman is responsible to spearhead the Board ("Chairman") while the managing director is responsible for the efficient and effective management and operations of the Group ("Managing Director"), in accordance with the strategic direction of the Board.

The Board has formalised a board charter which delineates the responsibilities of the Board, Board Committees, and their members, including matters that are solely reserved for the Board's decision ("Board Charter"). The Board Charter is periodically reviewed by the Board to ensure it reflects Group's evolving needs. The Board Charter is available on the Company's website.

In discharging its responsibilities, the Board is assisted by two qualified and competent company secretaries who act as counsels on corporate governance matters. The Management always provides directors with adequate and timely information prior to meetings to enable them to make informed decisions.

A code of conduct and whistle-blowing policy has been put in place to foster an ethical culture and allow legitimate concerns to be raised in confidence without the risk of reprisal ("said Code"). The said Code is reviewed periodically by the Board and published on the Company's website.

Board Composition

The Board ensures that it has an appropriate mix of skills, experience and diversity to discharge its role and responsibilities effectively. The Board undertakes a periodic review of its composition to ensure that all skill gaps are filled and to identify areas of weakness for improvement.

The directors strive to harness their knowledge and professional experience to provide diverse perspectives on the Company's business operations and strategies. The expertise possessed by the Management as well as access of directors to external professional experts complement the effective functioning of the Board. The collective skill-set and experience of the Board are illustrated in the following matrix.

The Board is currently made up of six independent non-executive directors, two non-independent non-executive directors and four executive directors including a managing director. The Board is mindful that the presence of independent directors may contribute to a more robust deliberation process with greater impartiality and objectivity. The same will be undertaken in lockstep with advancing the business imperatives or objectives of the Company.

The NC assesses independent directors annually to ascertain if they display a strong element of impartiality. In conducting this assessment, the dimension of tenure of service is also considered to ensure that the same has not reduced impartiality or resulted in lack of fresh insights.

Presently, the Chairman is a member of the Board Committees. The Board recognises the perceived or potential, although not factual, risk of self-review by the Chairman assuming membership of the Board Committees. This being the case, the Nominating Committee will continue to do the necessary in reviewing and recommending the appropriate candidates to the Board to replace the Chairman's membership in the Board Committees.

Board appointments are made via a formal, rigorous and transparent process, premised on meritocracy and after taking into account the skills, experience, tenure and diversity needed on the Board in the context of the Company's strategic direction. In terms of gender diversity, the Board currently comprises two female directors, namely, Ms. Cheah Yee Leng and Datuk Hamisa Binti Samat. The Company continues to encourage mentoring of junior female employees by senior female executives within the Group. This will eventually deepen the internal female talent pool for potential female candidates to be appointed onto the Board.

The Board annually undertakes an assessment of the effectiveness of both the Board and the Board Committees as well as the individual directors in a formal process. Such findings would be utilized as the bases for the Board's development needs and in making governance changes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration

The Board ensures that a fair level of remuneration is imperative to attract, retain and motivate directors and senior management to manage the Company successfully. The component remuneration packages for executive directors and senior management have been structured to link rewards to corporate and individual performance whilst non-executive directors' remuneration reflects the experience and level of responsibilities undertaken by individual non-executive directors. The revised remuneration policy and procedures for executive directors, non-executive directors and senior management are available on the Company's website.

Audit Committee

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions, conflict of interest situations as well as risk management framework. The AC seeks to benefit from the possession of financial literacy amongst its members complemented with a sound understanding of the business for it to discharge its responsibilities effectively.

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's external auditors. These include policies and procedures to review the suitability and independence of the external auditors. During the year under review, the AC has received written assurance from external auditors confirming that it is and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

During the year the AC held two separate independent meetings with the external auditors in the absence of the executive Board members and management representatives during which the external auditors informed the AC that they had received full co-operation from the Management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted to the AC.

Independence of the Board and Board Committees

During the year, the Board appointed Datuk Hamisa Binti Samat as a non-independent non-executive director of the Company following the resignation of Datuk Jasa @ Ismail Bin Rauddah on 31 May 2021. The Company therefore has two female members on the Board.

None of the independent directors of the Company have held the position for a term exceeding nine years.

Review of Board and Board Committees' policies and procedures

The Board reviewed its Board Charter alongside the terms of reference for each of the Board Committees. The information was up-to-date with the revised regulatory expectations as well as the expectations of stakeholders for directors to exercise greater vigilance and skepticism in understanding and shaping the direction of the Company. These authoritative documents serve to guide the governance and conduct of the Board and Board Committees.

The Board was satisfied with the evaluation conducted by NC that all members of the Board and Board Committees were suitably qualified to hold their positions having considered amongst their respective academic and professional qualifications, skills, competencies, tenure, experiences, commitment and contribution to the Board and Board Committees.

Professional development of directors

During the year under review, directors have continued to attend various training and courses relevant to the discharging of their function as directors of the Company. In-house talks were also organised on topical areas to keep directors updated the latest developments or changes in the regulatory framework and the like. Site visits were also arranged, as necessary, for directors to gain first-hand views on the Company's operations.

Training programmes attended to by the Board members during the financial year ended 31 December 2021 are outlined below:

Programme Title	Date
Dato' Mohammed Bin Haji Che Hussein	
BNM-FIDE Forum Dialogue: The role of independent director in embracing present and future challenges	2 June 2021
Digital Financing: Powering A Cashless Economy	22-23 June 2021
Cyber Security for Senior Management & Board of Directors	25 June 2021
Takaful Malaysia – MFRS17 Training: Session 2	5 July 2021
FIDE Insurance Module	8 July 2021
FIDE Insurance Module A	12 July 2021
FIDE Insurance	23 July 2021
Anti-Bribery & Corruption	27 July 2021
Takaful Malaysia – MFRS 17 Training: Session 3	16 August 2021
BNM-FIDE Forum Dialogue: Risk-Based Capital Framework for Insurers and Takaful Operators	6 September 2021
US Forced Labor Legislation: Impact on Corporate Malaysia	15 September 2021
Bursa-FIDE Forum Dialogue on Sustainability	2 November 2021
33rd The Asian Credit Supplementation Institution Confederation 2021 Conference	16 November 2021
Sustainability Challenge Accelerator: Understanding the Rise of Sustainability Fintech	17 November 2021
Datuk Simon Shim Kong Yip, JP	
Navigating Ways Through Tax Audit & Investigation: Good Practices when Dealing with the Inland Revenue Board	29 March 2021
Corporate Director Transformational Leadership Program	11 May 2021
Implementing Amendments in the Malaysian Code on Corporate Governance	1 June 2021
Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E.	9 July 2021
Value Creative Strategies: An Innovative Take on Creating Impactful, Healthy Companies	16 July 2021
Business Succession and Asset Preservation	9 September 2021
Shariah Succession Planning for Global Families	29 September 2021
Datuk Edward Lee Ming Foo, JP	
IA 2021 # 2 ASEAN Financials: The Shape of Things to Come	10 June 2021
JC3 Flagship Conference #Finance for Change	23-25 June 2021
Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E.	9 July 2021
Industry Brief on East Malaysia CPO Futures (FEPO) Contract	15 July 2021
Value Creative Strategies: An Innovative Take on Creating Impactful, Healthy Companies	16 July 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Programme Title	Date
Datuk Edward Lee Ming Foo, JP (continued)	
Climate Change Transition and its Impact on the Grains & Oilseeds industry	28 July 2021
MKE Captains Speak - Special Edition: Singapore: Recovering & Transforming	1 September 2021
Business Succession and Asset Preservation	9 September 2021
US Forced Labor Legislation: Impact on Corporate Malaysia	15 September 2021
Navigating Rough Waters	16 September 2021
KPMG Tax and Business Summit	17-18 November 2021
Lee Wee Yong	
Interest Deductibility, Earning Stripping Rules and Cross-Border Transactions	26 January 2021
Benefits of Funds Structures as an alternative to traditional Joint Venture Companies	3 March 2021
KPMG Tax and Business Summit	17-18 November 2021
Cheah Yee Leng	
Demystifying ESG and Sustainable Finance in Malaysia	26 January 2021
Blockchain & NFTs in 30 minutes: A Primer for A Non-Technical Audience	29 June 2021
Tax Treatment of Financing Expenses: Interest, Guarantee Fee & Other Related Expenses	1 July 2021
Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E.	9 July 2021
Time Bar In Civil & Tax Matters	9 July 2021
Industry Brief on East Malaysia CPO Futures (FEPO) Contract	15 July 2021
ESG Governance & the Role of the Company Secretary	3 September 2021
The Company Secretary: Becoming a Changemaker	12 October 2021
Au Yong Siew Fah	
The Ganoderma threat, an opportunity for Biotech Innovation	20 August 2021
US Forced Labor Legislation: Impact on Corporate Malaysia	15 September 2021
Update by Rabobank's Sector Specialist for Palm Oil	5 October 2021
Demystifying Investors' ESG Expectations, the Do's & Don'ts	15 December 2021
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP	
A Lasting Legacy: Ensuring the Future of Your Family Business	9 September 2021
US Forced Labor Legislation: Impact on Corporate Malaysia	15 September 2021
Malaysia Budget 2022 - Tax Highlights and Their Implications	21 December 2021
Chong Kwea Seng	
Collaboration in the Boardroom: Behavioural and Relationships	22 March 2021
Implementing Amendments in the Malaysian Code on Corporate Governance	14 June 2021
Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E.	9 July 2021
Value Creative Strategies: An Innovative Take on Creating Impactful, Healthy Companies	16 July 2021
Business Transformation Post Covid	4 August 2021
CEC 2021 – Reducing CO2 Emissions in Support of Future Sustainability	13 August 2021
A Lasting Legacy: Ensuring the Future of Your Family Business	9 September 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Programme Title	Date
Chong Kwea Seng (continued)	
Business Succession and Asset Preservation	9 September 2021
US Forced Labor Legislation: Impact on Corporate Malaysia	15 September 2021
Shariah Succession Planning for Global Families	29 September 2021
Rethink, Reimagine & Redesign: Business Model of the Future	16 December 2021
Becoming a Boardroom Star	17 December 2021
Choy Khai Choon	
BNM-FIDE Forum Dialogue: The role of independent director in embracing present and future challenges	2 June 2021
Briefing on Sustainability	21 June 2021
JC3 Flagship Conference #Finance for Change	23–25 June 2021
BNM-FIDE Forum Dialogue on Risk Management in Technology (RMiT): Insights 1 year on	8 July 2021
Business Transformation Post Covid	4 August 2021
2021 APAC Summit – Global markets in transition: The ethical investment demand – A conversation with Tan Sri Abdul Wahid Omar	22 September 2021
2021 APAC Summit – Global markets in transition: The path to economic recovery – A conversation with Dr. Ben Bernanke	24 September 2021
IFRS17	28 September 2021
2021 APAC Summit – Global markets in transition: Geopolitical risk and opportunities – A conversation with Dr. Condoleezza Rice	30 September 2021
IIFA Conference	20 October 2021
Federation of Investment Fund Managers Malaysia Annual Conference	25 October 2021
Malaysia Budget 2022 - Tax Highlights and Their Implications	21 December 2021
Tan Sri Amirsham Bin A Aziz	
Corporate Director Transformational Leadership Program	11 May 2021
Business Transformation Post Covid	4 August 2021
Climate Change - How It Affects Business	7 September 2021
Khazanah Megatrends Forum 2021	4-5 October 2021
IFD 2021 4th Islamic Fintech Dialogue: Sustainability & Inclusivity through Islamic Fintech	17 November 2021
Andrew John Barber	
Economic Outlook 2021: Investing at the Right Time	17 March 2021
Corporate Director Transformational Leadership Program	11 May 2021
Business Transformation Post Covid	4 August 2021
US Forced Labor Legislation: Impact on Corporate Malaysia	15 September 2021
Sustainability Challenge Accelerator: Understanding the Rise of Sustainability Fintech	17 November 2021
Datuk Hamisa Binti Samat	
How Budget 2022 Can Drive Your Business Forward	5 November 2021
Is ESG Reporting a Core Business Agenda for Sustainability?	18 November 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Sustainability

Sustainability governance in the Company is spearheaded by the Environment & Sustainability Committee and overseen by the Chief Executive – Group Plantations and Board. The Environment & Sustainability Committee is supported by the RSPO Sub-Committee. The Company sustainability strategies, priorities and targets are formulated in accordance to the materiality assessment conducted and endorsed by the Board at every two years. Progress and performance towards the targets are transparently published through the annual sustainability report.

Risk Management and Internal Control Framework

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision-making. The Group's risk management and internal control framework covers not only financial controls but also operational, environmental and compliance controls as well as corporate liability as set out under section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Amendment Act 2018"). The risk management committee of the Group ("RMC") assumes the risk management responsibility, building upon already established structures and mechanisms to implement the processes for identifying, evaluating, monitoring and reporting of risks as well as to take appropriate and timely corrective actions as required. The managing director assumes the role of chairman of the RMC while the chief executive leads the risk management function of the Group. An annual comprehensive risk management report and a half yearly update on salient changes to the key risk profile are tabled to the AC to facilitate timely assessment.

The Group has an in-house internal audit department ("IA") which is independent of the activities. The IA provides the AC and the Board with assurance regarding the adequacy and integrity of the system of internal control. The IA adopts a risk-based approach and prepares its audit strategy and plan based on the respective risk profile of the Group. To discharge its functions independently and effectively, the IA has unfettered access to the Group's records, properties and personnel and most importantly, a direct reporting line to the AC.

The Company has undertaken a group-wide integrity program with the view to instill the value and culture of good corporate behavior among its employees. As part of the said program, the Group has implemented its anti-bribery and corruption policy ("ABC Policy") with which various adequate procedures were introduced pursuant to section 17A of the MACC Amendment Act 2018. This ABC policy, which is available on the Company's website, is to deter and prevent acts of bribery and corruption among employees of and third parties dealing with the Group.

Communication with Stakeholders

The Board believes in apprising the Company's stakeholders of all material business events in a timely manner. In this connection, the Board ensures timely announcements of all material transactions to Bursa Securities, which are also made available on the Company's website. The Company's website contains recent announcements, past and current reports to shareholders, including summaries of key financial data as well as copies of recent notices and minutes of general meetings. While the Company endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information, as well as the commercial sensitivity of certain information.

Conduct of General Meeting

The Board recognises the significance of the annual general meeting ("AGM") as a platform for direct and meaningful communication between the Board and the Company's shareholders. As such, the Board strives to ensure that shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the AGM.

The notice convening the AGM in 2021 was issued to shareholders on 26 April 2021 which was at least 28 days prior to the date of AGM i.e. 24 May 2021 ("AGM 2021"). This goes above and beyond section 316(2) of Companies Act 2016 and paragraph 7.15 of LRs of Bursa Securities which call for a 21-days notice period.

The notice for the AGM 2021 outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM 2021. Shareholders were provided the administration guide on how to register, appoint proxy, participate and vote remotely via remote participation and electronic voting facilities ("RPEV") together with the notice of AGM 2021.

AGM 2021 was conducted by way of a fully virtual meeting and non-executive directors except Datuk Jasa @ Ismail Bin Rauddah participated the AGM 2021 via live streaming whilst the Chairman and executive directors except Mr. Au Yong Siew Fah who was at plantation located at Lahad Datu, Sabah were present at broadcast venue. No shareholder or proxy was physically present at the meeting venue.

The external auditors, Messrs KPMG PLT, were also invited to attend the AGM 2021 virtually to address queries from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

At the commencement of AGM 2021, the Chairman duly advised the shareholders that they were encouraged to submit their questions or queries in the query box of RPEV throughout the AGM 2021 proceeding. The questions and the corresponding replies were also read out by the Chairman during the AGM 2021.

All resolutions were voted via electronic poll voting. The poll results were verified by the scrutineer, GovernAce Advisory & Solutions Sdn Bhd and the Chairman declared the resolutions were duly passed.

Minutes of the AGM 2021 as well as questions and answers posted by the shareholders and proxies were made available on the Company's website at www.hapsengplantations.com.my.

AUDIT COMMITTEE REPORT

Members of the Audit Committee

Tan Sri Amirsham Bin A Aziz	Dato' Mohammed Bin Haji Che Hussein	Mr. Choy Khai Choon
(Independent Non-Executive Director) – Chairman	(Independent Non-Executive Director)	(Independent Non-Executive Director)

Terms of Reference of the Audit Committee

Duties and responsibilities of the Audit Committee are set out in its terms of reference and board charter which are published on the Company's website at www.hapsengplantations.com.my.

Meetings

During the financial year ended 31 December 2021, five meetings were held and all the Audit Committee members were present.

The executive directors and senior executives were invited to all Audit Committee meetings to facilitate direct communication and to provide clarification on financial and audit issues as well as updates on business or operations. The head of the internal audit attended all the Audit Committee meetings to table and brief the committee members on the internal audit reports.

Summary of Works of the Audit Committee

The works of the Audit Committee during the financial year ended 31 December 2021 are summarised below:

- Reviewed internal audit plan for the financial year to ensure adequate scope and comprehensive coverage which includes review of operational compliance with established control procedures, management efficiency, risk assessment and reliability of financial records.

- Received and reviewed a total of 12 internal audit reports presented by the internal auditors at the quarterly Audit Committee meetings covering the business processes of the Group and was satisfied with the recommendations and actions taken by the management in addressing the issues highlighted.

- Reviewed annual audit plans outlining audit materiality, audit scope, methodology and timing of audit, audit focus areas and proposed fees for the statutory audit services rendered by the external auditors and recommendation of their audit fees to the Board for approval.

- Discussed the annual audited financial statements of the Group with the external auditors and noted the salient features and key findings from the external auditors as well as to ensure that the audited financial statement were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards approved by the Malaysian Accounting Standards Board.

- Reviewed the annual audited financial statements for recommendation to the Board for approval.

- Noted the key audit matters highlighted by the external auditors as disclosed in the independent auditors' report.

AUDIT COMMITTEE REPORT

- The Audit Committee held two separate independent meetings with the external auditors in the absence of the executive Board members and management representatives during which the external auditors informed that they had received full co-operation from the management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted to the Audit Committee.

- The external auditors also confirmed that during the audit process, they were not aware of any relationships or matters that, in their professional judgment, would impact their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA").

- Reviewed the independence of the external auditors and have received written assurance from external auditors confirming that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements as well as the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA.

- Reviewed the suitability of the external auditors and was satisfied with the suitability of the external auditors, Messrs KPMG PLT in terms of the quality of audit, performance, competency and sufficiency of resources and recommended to the Board for the reappointment of Messrs KPMG PLT as the external auditors of the Company for the next financial year.

- Reviewed the Group's quarterly unaudited financial results prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 "Interim Financial Reporting" and chapter 9 of Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements") prior to submission to the Board for consideration and approval where the chairman of the Audit Committee will brief the Board on the pertinent points and the recommendations of the Audit Committee.

- Reviewed and considered the disclosure of related party transactions in the financial statements and the recurrent related party transactions in circular to shareholders.

- Received and reviewed the comprehensive risk management report from the risk management committee of the Group and is satisfied with the assessment thereof.

- Reviewed and recommended to the Board the statement on risk management and internal control for approval and inclusion in the annual report.

Summary of Works of the Internal Audit Function

Summary of works of the internal audit function for the financial year ended 31 December 2021 is set out in the Statement on Risk Management and Internal Control on page 41 of this annual report.

NOMINATING COMMITTEE REPORT

Members of the Nominating Committee

The Nominating Committee has been set up since 7 September 2007 and its current members are as follows:

Mr. Chong Kwea Seng	Dato' Mohammed Bin Haji Che Hussein	Datuk Simon Shim Kong Yip, JP
(Independent Non-Executive Director) – Chairman	(Independent Non-Executive Director)	(Non-Independent Non-Executive Director)

Terms of Reference of the Nominating Committee

Duties and responsibilities of the Nominating Committee are set out in its terms of reference and board charter which are published on the Company's website at www.hapsengplantations.com.my.

Meeting

During the financial year ended 31 December 2021, one meeting was held and all the Nominating Committee members were present.

Summary of Activities of the Nominating Committee

During the meeting held on 23 February 2022, the member of Nominating Committee had performed activities summarised below for the financial year 2021:

- Evaluated the performance and effectiveness of Board and Board Committees collectively as well as the performance of each member on an annual basis through the self and peer-assessment and was satisfied that all members of the Board and Board Committees were suitably qualified to hold their positions in view of their respective academic and professional qualifications, skills, competencies, experiences, tenure, commitment and contribution to the Board and Board Committees.

- Evaluated the independence of each independent director taking into account both the quantitative and qualitative criteria and satisfied that all the independent directors meet the independence criteria prescribed by the Listing Requirements.

- Reviewed the current size and composition of the Remuneration Committee and was satisfied that the Remuneration Committee was effective in the discharge of its function.

- Reviewed the term of office and performance of the Audit Committee and each of its members in compliance with Listing Requirements. The Nominating Committee was satisfied that the Audit Committee and its members had carried out their duties in accordance with their terms of reference.

- Reviewed the training needs of the directors in order to keep abreast with developments in the relevant industry to enhance their skills in a dynamic and complex business environment and with changes in the relevant statutory and regulatory requirements.

- Reviewed and assessed the adequacy of the board charter and terms of reference of the Board Committees by incorporating changes made to the Malaysian Code on Corporate Governance dated 28 April 2021 and code of conduct adopted by the Board.

- The Nominating Committee reviewed and recommended to the Board on the appointment of Datuk Hamisa Binti Samat as a non-independent non-executive director after taking into consideration her experience, competency, skill, time commitment and potential contribution to the Company.

- Conducted directors' self and peer assessment as well as independence of the independent director evaluation to determine the respective performance and eligibility of the following directors who are to retire in accordance with the Company's constitution to stand for re-election at the forthcoming annual general meeting ("AGM"):-

  Clause 116
  - Dato' Mohammed Bin Haji Che Hussein (Independent Non-executive Chairman);
  - Mr. Lee Wee Yong (Executive Director);
  - Tan Sri Amirsham Bin A Aziz (Independent Non-executive Director); and
  - Mr. Andrew John Barber (Independent Non-executive Director).

  Clause 122
  - Datuk Hamisa Binti Samat (Non-independent Non-executive Director).

REMUNERATION COMMITTEE REPORT

Members of the Remuneration Committee

The Remuneration Committee has been set up since 7 September 2007 and its current members are as follows:

Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP (Independent Non-Executive Director) – Chairman	**Dato' Mohammed Bin Haji Che Hussein** (Independent Non-Executive Director)	**Datuk Simon Shim Kong Yip, JP** (Non-Independent Non-Executive Director)

Terms of Reference of the Remuneration Committee

Duties and responsibilities of the Remuneration Committee are set out in its terms of reference and board charter which are published on the Company's website at www.hapsengplantations.com.my.

Meeting

During the financial year ended 31 December 2021, one meeting was held and all the Remuneration Committee members were present.

Summary of Activities of the Remuneration Committee

- During the Remuneration Committee meeting held on 24 November 2021, the member of Remuneration Committee had reviewed and recommended to the Board, the executive directors and senior management's emoluments inclusive of benefits for the financial year ending 31 December 2022 and bonus for the financial year ended 31 December 2021. Such reviewed was to ensure that the remuneration package of executive directors and senior management remain attractive and in line with the industry forecast for 2021/2022 for the average salary increment and bonus.

- During the Remuneration Committee meeting held on 23 February 2022, the Remuneration Committee reviewed the non-executive directors and Board Committees fees based on market and industry benchmark and recommended to the Board, the proposed increase in fees to commensurate with the time commitment required, responsibilities, duties and commitment for the financial year ended 31 December 2021 which is subject to the approval by shareholders at the forthcoming AGM.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to ensure a sound system of risk management and internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control which outlines the nature of internal control of the Group during the financial year ended 31 December 2021 pursuant to paragraph 15.26(b) of the Listing Requirements. In making this statement, the Board is guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" ("SRMICG") which is issued by the Taskforce on Internal Control with the support and endorsement of the Exchange.

Board's Responsibility

The Board recognises that a sound risk framework and management process and system of internal control is fundamental to good corporate governance and an effective risk management to assist the Group to achieve its performance and profitability targets.

The Board acknowledges its responsibility for the Group's risk management and system of internal controls covering not only financial controls but also operational, environmental and compliance controls.

The risk framework and management process and system of internal control are designed to meet the Group's needs and to manage the risks to which it is exposed.

The risk framework and management process and system of internal control, by their nature, can only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives.

Towards this end, the Group has a formal approach towards identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

The Audit Committee assists the Board in the reviewing process, however, the Board as a whole remains responsible for all the actions of the Audit Committee with regards to the execution of the delegated role.

Risk Management

The Group Risk Management Committee takes responsibility for risk management, building upon already established structures and mechanism.

Members of the Group Risk Management Committee comprise the following:

- **two executive directors, one being the group managing director**
- **chief executive of the plantation division**
- **group chief operating officer**
- **head of group internal audit**
- **chief financial officer**
- **senior manager overseeing the risk management function**

The group managing director assumes the role of chairman of the committee while the chief executive leads the risk management function of the business unit.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management (continued)

Responsibilities of the Group Risk Management Committee include inter-alia the following:

- To develop risk management policies, which includes risk management strategies and risk tolerance level for the Group;
- To develop methodologies to identify, evaluate, prioritise, address and report the various risks within the Group;
- To periodically review the effectiveness of the existing risk management policies and methodologies and recommend changes thereto;
- To monitor and ensure the implementation and compliance of the risk management policies and methodologies across the Group;
- To review the key risk profile of the Group and ensure that all significant risks are managed effectively, including the evaluation and treatment of newly identified risk, review and monitor the implementation of action plans to mitigate the significant risks identified;
- To report risk exposures or risk management activities to the Audit Committee on a timely basis; and
- To promote risk awareness and/or facilitate training on risk management.

The Group Risk Management Committee together with the Group's management are responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as required. This is designed to be responsive to changes in the business environment and is communicated to the appropriate levels through existing reporting structures and processes of the Group.

Key risks critical to the Group's strategic objectives are identified and scored for likelihood of the risks occurring and the magnitude of the impact.

A database of strategic risks identified with appropriate controls has been created and the information filtered to produce a detailed risk register/scorecard. The risk profiles are updated every six months to reflect the prevailing operating conditions.

Risk assessment interviews have been conducted by the senior manager overseeing the risk management function with the chief executive and managers in charge as part of its assessment of strategic risks affecting the Group.

The risks profile has been tabled to the Group Risk Management Committee highlighting on the key risks, their causes and management action plans thereon.

The Group Risk Management Committee reports its activities and makes recommendations to both the Audit Committee and the Board. An annual comprehensive risk management report and a half yearly update on salient changes to the key risk profile are tabled to the Audit Committee to facilitate timely assessment.

Any major changes to risks or emerging significant risk in the Group together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the chairman of the Audit Committee.

Internal Control

The Board places emphasis on a sound system of internal control to facilitate the effective and efficient operation of the Group's businesses by enabling the Board and the management to respond appropriately to any significant business, operational, environmental, compliance and other risks in achieving the Group's objectives.

Nevertheless, the Board also recognises that the system of internal control can only reduce, but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. As such, the Board reiterates that the system of internal control, by its nature, can only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control (continued)

The key elements of the Group's internal control system are described below:

- Clearly defined delegation of responsibilities to the Board Committees and to operating units, including authorisation levels for all aspects of the business.
- Documented internal procedures and/or processes set out in Operating Manuals of individual operating units, whenever applicable, which include processes to generate timely, relevant and reliable information and proper record keeping as well as compliances with applicable laws and regulations and internal policies for the conduct of business.
- Regular internal audit visits in accordance with the approved internal audit plan by Audit Committee which monitors compliance with procedures and assess the integrity of financial information.
- Regular and comprehensive information provided to management, covering financial performance and key business indicators.
- A detailed budgeting process where operating units prepare budgets for the coming year to be approved by the Board.
- A monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to operating units by senior management whenever appropriate.
- Review of business processes to assess the effectiveness of internal controls by the internal audit department and the highlighting of significant risks impacting the Group by the head of internal audit to the Audit Committee. Annual internal audit plan is reviewed by the Audit Committee.
- In the presence of the group managing director, group finance director and chief financial officer for the purpose of ascertaining the state of internal control and to obtain assurance of the internal control system as to its effectiveness and adequacies in all material aspects, the Audit Committee reviews and holds discussion on significant internal control issues identified in reports prepared by the internal audit department.
- Code of Conduct as set out in the Board Charter and the Employees' Handbook.

Internal Audit Function

The Group has an internal audit function which is outsourced to Hap Seng Management Services Sdn. Bhd., a wholly owned subsidiary of Hap Seng Consolidated Berhad, at a cost of approximately RM1.02 million per annum. The internal audit function is independent of the activities or operations of other operating units in the Group, which provides the Audit Committee and the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

The head of internal audit department is a member of Malaysian Institute of Accountants and The Institute of Internal Auditors of Malaysia and he is assisted by a team of qualified personnel.

The internal audit functions of the department are carried out using a risk based, systematic and disciplined approach, guided by the standards recognised by these professional bodies.

The head of internal audit has direct access to the chairman of the Audit Committee and whenever deemed necessary, meets with the Audit Committee without the management being present.

The principal responsibility of the internal audit department is to undertake regular and systematic reviews of the system of internal controls, risk management and governance processes so as to provide reasonable assurance that such system operates satisfactorily and effectively within the Company and the Group and reports to the Audit Committee on a quarterly basis.

Internal audit strategy and a detailed annual internal audit plan are presented to the Audit Committee for approval. The internal audit function adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles of the operating units of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Audit Function (continued)

Summary of the works of the internal audit function are as follows:

- Undertook internal audit based on the audit plan that had been reviewed and approved by the Audit Committee which includes the review of operational and environmental compliance with established internal control procedures, management efficiency, risk assessment and reliability of financial records as well as governance processes.
- Attended business review meetings held regularly by the Group's senior management to keep abreast with the strategic and operational planning and development issues.
- Conducted investigations with regard to various specific areas of concern as directed by the Audit Committee and the management.
- Attended the meetings conducted by the Group Risk Management Committee.
- Assessment of key business risks at each operating units which were identified by risk analysis and continuous monitoring of control compliance through data extraction and analysis techniques.
- Issued internal audit reports to the Audit Committee which encompassed identification and assessment of business risks.

Other Risks and Control Processes

Apart from risk assessment and internal audit, the Group has in place an organisational structure with defined lines of responsibility, delegation of authority and a process of hierarchical reporting. It has formalised Limits of Authority which provides the authority limits of the employees in the approval of various transactions and an Employees' Handbook which highlights policies on Group's objectives, terms and conditions of employment, remuneration, training and development, performance review, safety and misconduct across the Group's operations.

The Board is also supported by Board Committees with specific delegated responsibilities. These committees have the authority to examine all matters within their scope and responsibilities, as provided in the Board Charter, and report to the Board with their recommendations. (For more details on the various committees, please refer to the pages 34 to 37 in this annual report)

The Audit Committee meets with the independent external auditors at least twice a year, without management being present, to discuss their remit and any issues or observations of the independent external auditors, recognising that such issues or observations will generally be limited to risks and controls related to the financial statements.

The Board is provided with financial information on a quarterly basis which includes key performance and risk indicators and amongst others, the monitoring of results against budget.

Assurance to the Board was given collectively by the group managing director, group finance director and chief financial officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

CONCLUSION

Based on the foregoing as well as the inquiries and information provided, the Board is assured that the risk management process, system of internal control and other processes put in place through its Board Committees were operating adequately and effectively in all material aspects to meet the Group's objectives for the year under review and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in the annual report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Group, in all material respects has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the SRMICG or is factually inaccurate. The external auditors' report was made solely to the Board of Directors in accordance with the listing requirements of Bursa Malaysia and for no other purpose. As stated in their report, the external auditors do not assume responsibility to any other person other than the Board of Directors for the content of this report.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

STRENGTHENING OUR SUSTAINABILITY PRACTICES

FY2021 continued to be a challenging year as the country adapted to the global pandemic situation since 2020. Hap Seng Plantations has maintained, at all times, strict measures to control the spread of COVID-19.

The well-being of our employees has always been our utmost priority. We constantly emphasise on the importance of safety and health, as well as a conducive working and living environment for our employees and their families. Amongst our efforts to curb COVID-19 in our plantations, we organised a few rounds of vaccination campaigns to ensure all our employees got fully vaccinated. At the end of FY2021, our COVID-19 vaccination program had reached 97.95% (for JGOE, SSGOE & TMGOE).

We continue to assist our smallholders and outgrowers on their sustainability journey especially in obtaining RSPO and MSPO certifications. This project also ensures our surrounding smallholders and outgrowers continue to operate their oil palm operations and supply their sustainable FFB to Hap Seng Plantations' mills. Additionally, the inclusion of RSPO certified external fruits will increase the proportion of our oil categorised as fully traceable, segregated and identity preserved. To date, three out of 11 smallholders and outgrowers surrounding our vicinity, have obtained RSPO & MSPO certification whereas another three are only MSPO certified.

The palm oil industry is intensely scrutinised as it is deemed to be one of the greatest contributors to global warming through land use change. This has indirectly necessitated changes in oil palm business operations where the downstream palm oil buyers require the greenhouse gas emission to be measured and certified. Hap Seng Plantations has endeavoured to reduce the impact of greenhouse gas emissions to the environment. This is attributed to the commissioning of biogas plants which are able to capture methane gas from Palm Oil Mill Effluent ("POME") and convert it into electricity. We currently have biogas plants in three palm oil mills – Jeroco Palm Oil Mill 1 ("JPOM 1"), Jeroco Palm Oil Mill 2 ("JPOM 2") and Bukit Mas Palm Oil Mill ("BPOM"). Renewable energy generated from these plants and from biomass contributed 54% of the total energy consumed.

Improving safety in our workplace has always been part of our sustainability journey. For FY2021, we have managed to achieve zero fatality. Furthermore, we have recognised the need to constantly remind, monitor and train all levels of our workforce on workplace safety. As for the processing operations, we managed to install new noise pollution controls to reduce the high decibel noise in BPOM. Basic infrastructure and workers' housing amenities have also been continuously improved upon. For example, all workers' quarters in Sg Segama Housing Complex, Batangan and Kapis Estates are provided with 24-hour electricity supply, and a new audiometric room was established in Jeroco Clinic to monitor the hearing health of our employees.

As always, our success depends on the commitment and collective efforts of our people and we are eagerly look forward to the continued support from our stakeholders.

PERFORMANCE HIGHLIGHTS

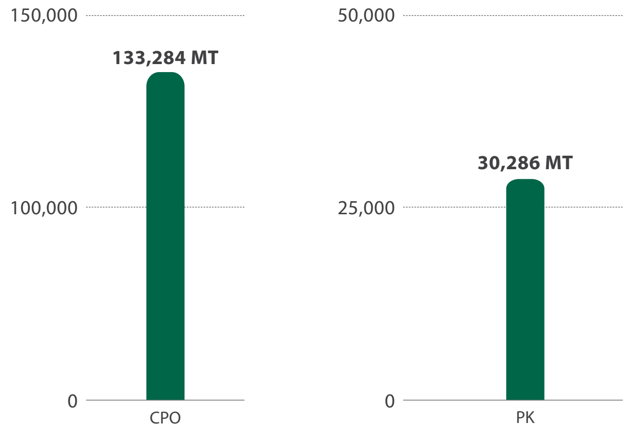
FINANCIAL

Our Revenue
RM670.9 million

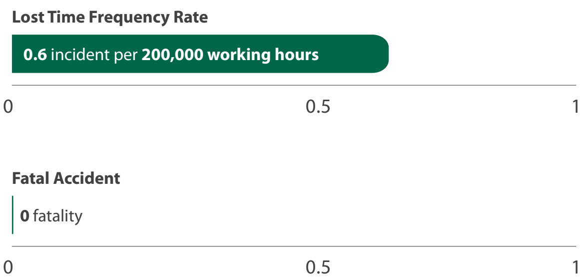
Profit Before Tax
RM290.3 million

Basic Earning Per Share
28.01sen

OPERATION



HEALTH & SAFETY



SOCIAL

BEST REFINABLE CPO SUPPLIER FY2021
from IOI Edible Oils

HIGHEST QUANTITY CPO SUPPLIER
(Individual Mill Category) FY2021 from IOI Edible Oils

ENVIRONMENT

FFB Processed

- **74% or 483,648 MT**
  processed by identity preserved mills (JPOM1 and BPOM)
- **26% or 168,257 MT**
  processed by mass balance mills (JPOM2 and TPOM)

CPO Production

- **CSPO**
  74% or 98,496 MT
  from identity preserved mills (JPOM1 and BPOM)
- **CPO**
  26% or 34,788 MT
  from mass balance mills (JPOM2 and TPOM)

PK Production

- **CSPK**
  75% or 22,721 MT
  from identity preserved mills (JPOM1 and BPOM)
- **PK**
  25% or 7,565 MT
  from mass balance mills (JPOM2 and TPOM)

2021 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Sustainability Achievements – Marketplace; Workplace; Community; Environment

	Achievements	2021 Data
Marketplace	Net Profit	RM 224 million
	Market Capitalisation	RM1.575 billion
	Fresh Fruit Brunches Production	593,279 MT
	Crude Palm Oil Production	133,284 MT
	Palm Kernel Production	30,286 MT
	RSPO Certification	Maintain 100% certification for all mills
	MSPO Certification	Maintain 100% certification for all estates and mills
	MSPO SCCS Certification	Maintain 100% certification for all mills
	ISCC EU Certification	Maintain 100% certification for all mills
	HACCP Certification	Maintain 100% certification for all mills
	MeSTI Certification	Obtained certification for all mills
	HALAL Certification	Maintain 100% certification for all mills
Workplace	Total Workforce	6,861
	Women in Workforce	2,422
	Hiring Rate	20.30%
	Turnover Rate	24.50%
	Safety Training	755 hours
	Lost Time Incident Rate per 200,000 Work Hours	0.65
	Fatalities	0
Community	Community Investment	Programmes and activities/ RM557,534
	Schools – Humana & Rural Schools	No of Humana schools: 11 / RM386,156
		Capacity building programmes: RM254,880
	Support Independent Local Outgrowers and Smallholders	No of outgrowers and smallholders: 11
	CSR Activities for Local Communities	No of programmes: 3/ RM164,640
Environment	GHG Emissions	0.94 tonnes of CO_2-e per tonne of CPO
	HCV Areas	1,401.98 Ha
	Riparian Buffer Areas	1,056.74 Ha (Distance 557,453.05m)
	Biogas Facilities	3 Biogas facilities (JPOM1, JPOM2 & BPOM)
	Recyclable Waste	58.81 MT
	Water Intensity	1.77 m^3 per tonne of FFB processed
	BOD Discharge Level	13.86 ppm
	COD Discharge Level	343 ppm

2021 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Tracking Progress on Our Commitments

Year		Status
2015	• All mills RSPO certified	ACHIEVED
	• Establish a GHG baseline	ACHIEVED
	• Increase FFB yields to 22 tonnes per hectare	NOT ACHIEVED* (reset target to 2022)
	• Complete a biodiversity baseline study	ACHIEVED
	• No increase in lost time accident rate	ACHIEVED
	• Zero fatalities	ACHIEVED
2016	• ISCC EU certification of all mills	ACHIEVED
	• Complete guidelines on biodiversity management at landscape level using an HCV approach	ACHIEVED
	• Develop a GHG emissions reduction plan	ACHIEVED
2017	• Reduce BOD level to 20 parts per million (ppm) for JPOM	ACHIEVED
	• HACCP certification of all mills	ACHIEVED
	• Increase CPO extraction rate to 22.5%	NOT ACHIEVED (reset target to 2022)
	• MSPO certification of Pelipikan Estate	ACHIEVED
	• Reduce GHG emissions intensity to between 1.5 to 2.0 tonnes CO_2-e / tonne Crude Palm Oil	ACHIEVED
2018	• MSPO certification of all estates and mills	ACHIEVED
2019	• RSPO & MSPO certification of 50% of JPOM 2 external FFB	ACHIEVED 33% (reset target to 2022)
	• Reduce BOD level to 20 parts per million (ppm) for BPOM	ACHIEVED
2020	• Reduce BOD level to 20 parts per million (ppm) for TPOM	ACHIEVED IN 2017
	• 70% reduction of COD level at anaerobic treatment for JPOM & BPOM	ACHIEVED
	• Biogas facilities with methane capture for all mills	NOT ACHIEVED (reset target to 2022)
2021	• Reduce GHG emissions intensity to between 1.0 to 1.5 tonnes CO_2-e / tonnes Crude Palm Oil	ACHIEVED IN 2018
2022	• RSPO & MSPO certification of 100% of JPOM 2 and TPOM external FFB	IN PROGRESS
	• 70% reduction of COD level at anaerobic treatment for TPOM	IN PROGRESS
	• Reduce GHG emissions intensity to below 1.0 tonnes CO_2-e/ tonne Crude Palm Oil	ACHIEVED IN 2021

* RSPO - Roundtable on Sustainable Palm Oil
* FFB - Fresh Fruit Bunch
* ISCC - International Sustainability & Carbon Certification
* HCV - High Conservation Values
* GHG - Greenhouse Gas
* CPO - Crude Palm Oil
* MSPO - Malaysian Sustainable Palm Oil
* JPOM 1 - Jeroco Palm Oil Mill 1
* JPOM 2 - Jeroco Palm Oil Mill 2
* TPOM - Tomanggong Palm Oil Mill
* BPOM - Bukit Mas Palm Oil Mill
* BOD - Biological Oxygen Demand
* HACCP - Hazard Analysis & Critical Control Points
* COD - Chemical Oxygen Demand

* For the past few years, our yields have been impacted by the El Niño climatic phenomenon. We feel that the new target will allow us time to re-strategise and achieve our target.

OUR SUSTAINABILITY AGENDA

Our Sustainability Agenda – Environment, Workplace, Community and Marketplace

Sustainability serves as an important aspect to our agenda in line with our operations and business strategies as we strive towards making our business, more sustainable and responsible. We make necessary efforts to continuously strengthen our policies and guidance with our sustainability commitments in all aspects of our palm oil businesses. Our sustainability framework is derived from the four pillars of sustainability – marketplace, workplace, community and environment.

MARKETPLACE	Responsible business and practices by staying committed to ethical business conduct, responsible agriculture practices, as well as producing safe and quality products.
WORKPLACE	Priority to our people by focusing on uplifting the safety and health, work environment as well as family welfare of our employees.
COMMUNITY	Promoting community advancement by building a mutually beneficial relationship that supports enrichment of local communities through the provision of a convenient means of transport, business & employment opportunities as well as access to a better quality of life.
ENVIRONMENT	Practise on environmental remediation, conservation and preservation on forest and riparian reserve area with a long-term plan to enrich the flora biodiversity within the "vacant areas" in our estates with forest tree species.

MARKETPLACE

RESPONSIBLE BUSINESS AND PRACTICES

RESPONSIBLE AGRICULTURE PRACTICES

Environmental Protection Mechanism

1. Environmental, Health and Safety Committee Meeting – Conduct quarterly meetings (MSPO requirement).
2. Estates' administrative managers to execute decisions from the meeting (monitor, prevent & implement).
3. Proper management of waste – No pollution.
4. No violation of local regulations on pollution.

Monthly Riparian Monitoring Team

Hap Seng Plantations has introduced monthly riparian monitoring to comply with the requirements of the Sabah Water Resources Enactment 1998. For FY2021, we are planning to maintain the riparian buffer distance requirement as per the Enactment.

To date, Hap Seng Plantations has maintained 1,056.74 hectares of riparian buffer area. We have also engaged with an authorised consultant registered with the Environment Protection Department of Sabah to monitor and inspect river quality on a 4-monthly basis. There has been no significant issue raised by the consultant during the reporting period.

MARKETPLACE

Monitoring Deforestation

Global Forest Watch ("GFW") provided an open access tool for sustainability practitioners to create a deforestation-free supply chain. It enables users to overlay the shapefile of the estates and eventually provides information about potential deforestation activities.

Despite the challenges posed by the COVID-19 pandemic, we continued to monitor potential deforestation activity of our supply chain on a monthly basis. This is also part of our commitment to our Sustainable Agriculture Policy. Furthermore, this monitoring covers the buffer zone boundary along the forest reserve area. In 2021, we did not detect any evidence of deforestation taking place within our boundaries. There was also no deforestation activity reported on the suppliers supplying FFB to our mills.

Fire & Haze Management

Though transboundary haze did not recur in FY2021, Hap Seng Plantations continued to strictly abide by the regulations stipulated under the Environmental Quality Act 1974.

In line with our Zero Burning Policy, we established a monitoring team to patrol the perimeter adjacent to the forest reserve on a monthly basis. These patrols aim to identify and report signs of fire, as well as illegal encroachment and illegal hunting in the area.

We monitor fires and fire hotspots using the Global Forest Watch Fire Portal (https://fires.globalforestwatch.org/home/) and GeoRSPO website (https://my.gfw-mapbuilder.org/v1.latest/). The reports are available on our company website at https://www.hapsengplantations.com.my/environmental-sustainability.html. We have recorded zero fire incident since we started the monthly monitoring in 2014.

Eight out of 11 independent local outgrowers and smallholders have also committed to our sustainability policies which covers: no planting on peat soil; zero burning; no deforestation; biodiversity conservation, protection of RTE species; human rights; Free, Prior and Informed Consent ("FPIC") and the protection of HCV areas. In FY2021, no fire incident was recorded within the vicinity.

Soil Management Practices

Hap Seng Plantations adheres to the best soil conservation practices as part of soil nutrient management, which determines our crop yield and quality. We employ good agriculture practices by using both cultural and biological methods such as planting leguminous cover crops to reduce soil erosion and improve the physical and chemical composition.

We also construct earth terraces, silt pits and bunds, and maintain natural covers along palm avenues. As a measure to prevent soil erosion, we do not cultivate on slopes with a gradient of 25 degrees or more. Empty Fruit Bunch ("EFB") and oil palm trunks and fronds are mulched, composted and recycled as organic materials to maintain soil properties at an optimum level.

The recycling of nutrient-rich organic matters such as EFB, POME and belt press solids ("BPS") into fertiliser, is another common practice with multiple benefits. Reusing of biomass as fertiliser helps to reduce our reliance on agrochemicals, reduce our costs and mitigate our GHG emissions.

Hap Seng Plantations' Sustainability Agriculture policy distinctly prescribed "no new development on peat areas regardless of depth" and this has been the practise. Similarly, the eight out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications, have agreed to adopt the no new planting on peat policy as well as best management practices for soils and peat from Hap Seng Plantations as these policies comply with the requirements set by RSPO and MSPO.

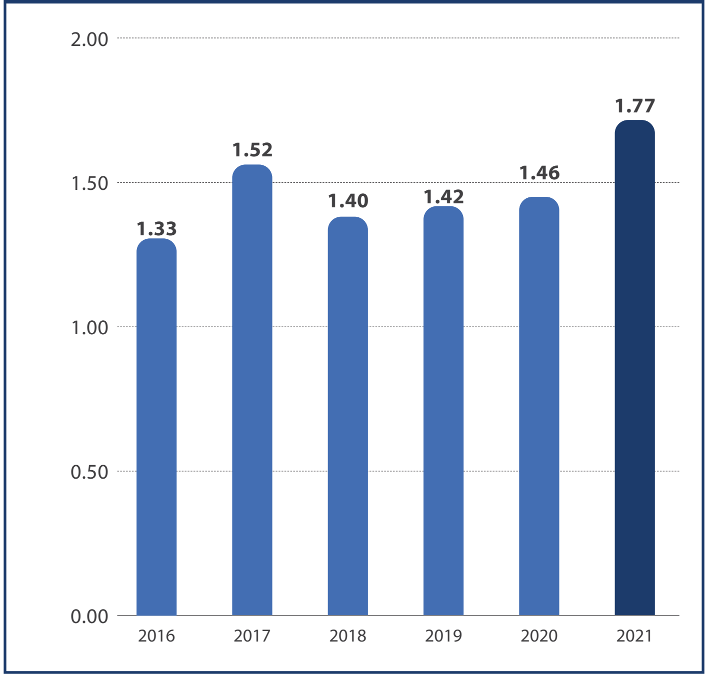
Water Efficiency

In FY2021, the amount of water used for FFB processing increased to 1.77 m^3/ tonne FFB (2020: 1.46 m^3/ tonne FFB). Higher water consumption was due to commissioning of a new boiler in JPOM1 and lower crop processed in 2021.

We aim to improve our water efficiency by reducing water usage to 1.4 m^3/tonne FFB with the establishment of more biogas facilities in our plantations. This has been progressively carried out with the commissioning of the first biogas facility in March 2017 at JPOM 1 and JPOM 2, followed by commissioning of the second biogas facilities at BPOM in February 2020.

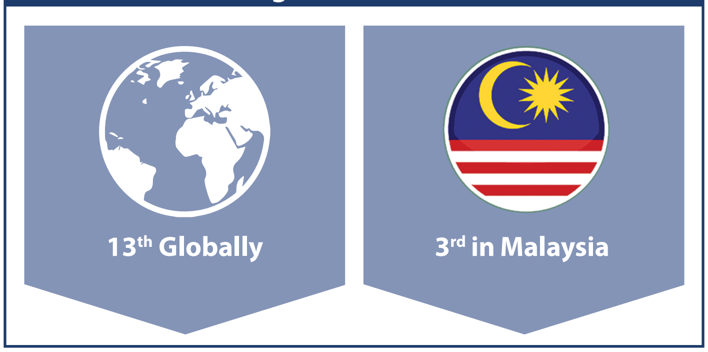
Another biogas facility is targeted to be built at TPOM in 2022. This addition is expected to further reduce the water usage intensity for plantations.

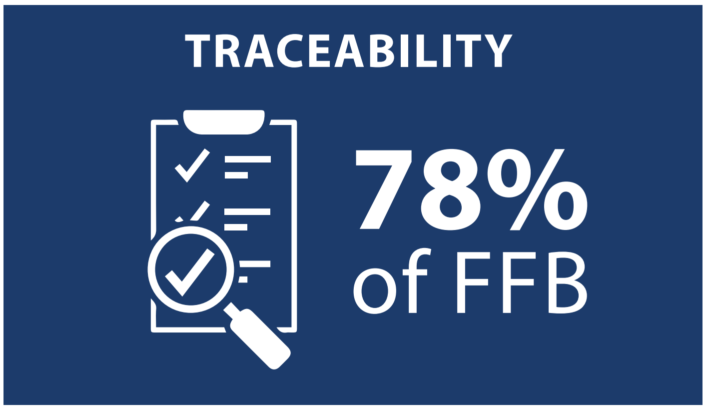
Water Usage in Mills (MT Water/MT FFB)



In FY2021, we improved our SPOTT ranking to third position amongst Malaysian palm oil companies with an overall score of 79.6%. This resulted from an improvement of 5.9% in our score as compared to the score of 73.7% registered in FY2020.

ZSL SPOTT Ranking





RESPONSIBLE PRODUCT

Benchmarking our practices

Highlights	
Certifications	**Facilities**
RSPO	All Mills & 82% landbank*
MSPO	All Mills & 100% landbank*
MSPO SCCS	All Mills
ISCC EU	All Mills
HACCP	All Mills
MS ISO/IEC 17025	Plantations Central Laboratory
HALAL	All Mills
MeSTI	All Mills

* Not including 81 hectares of land adjoining to the existing land of which the land title is currently under application

Hap Seng Plantations achieved MeSTI certification for all its mills since 2020. This is part of our effort to benchmark our best practices against Malaysian food product export standards in key sustainable areas of its business. To-date, we have several successes in our quest for international and local certifications, including standards such as RSPO, MSPO, MSPO SCCS, ISCC EU, HACCP, ISO/IEC and HALAL.

MARKETPLACE

International & Local Certification

Type of Certification	Achievement	Date Achieved	Comments
MSPO	100% of all estates & mills	February 2018	• Achieved ahead of mandatory deadline of 31 December 2018. • 4th Annual Surveillance Audit for Group Certification (SSGOE, Kawa, TMGOE, JGOE) and mills on October 2021. • 4th Annual Surveillance Audit for Pelipikan on May 2021.
MSPO SCCS	100%	December 2019	• Achieved ahead of mandatory deadline of 1 January 2020. • 2nd Annual Surveillance Audit for BPOM, JPOM1, JPOM 2 and TPOM on October 2021.
RSPO	82% of landbank	As at 2021	• SSGOE – 2nd Cycle Recertification – 2nd Annual Surveillance Audit included Kawa as supply based on March 2019. • SSGOE – 2nd Cycle Recertification – 4th Annual Surveillance Audit included Kawa as supply based on March 2021. • JGOE – 2nd Cycle Recertification – 3rd Annual Surveillance Audit on August 2021 (Remote Audit) and January 2022 (Onsite Audit). • TMGOE – 2nd Cycle Recertification – 2nd Annual Surveillance Audit on November 2021. • Compensation: The concept note and Land Use Change Analysis (LUCA) have been submitted to RSPO.
	100% of all mills	2017	• All mills are RSPO certified.
ISCC EU	100% of all mills	2017	• 2021 Recertification Audit held on September 2021 and the certificates were obtained on 13 November 2021.
HACCP	100% of all mills	June 2017	• 2nd Cycle – 1st Annual Surveillance Audit on 8 June 2021 (JPOM 1), 9 June 2021 (JPOM 2) and 11 June 2021 (TPOM). • 2nd Cycle – 2nd Annual Surveillance Audit on 10 June 2021 (BPOM).
MS ISO/IEC 17025	Accredited	October 2018	• Plantations Central Laboratory.
HALAL	100% of all mills	September 2019	• All mills are HALAL certified.
MeSTI	100% of all mills	September 2020	• All mills are MeSTI certified.

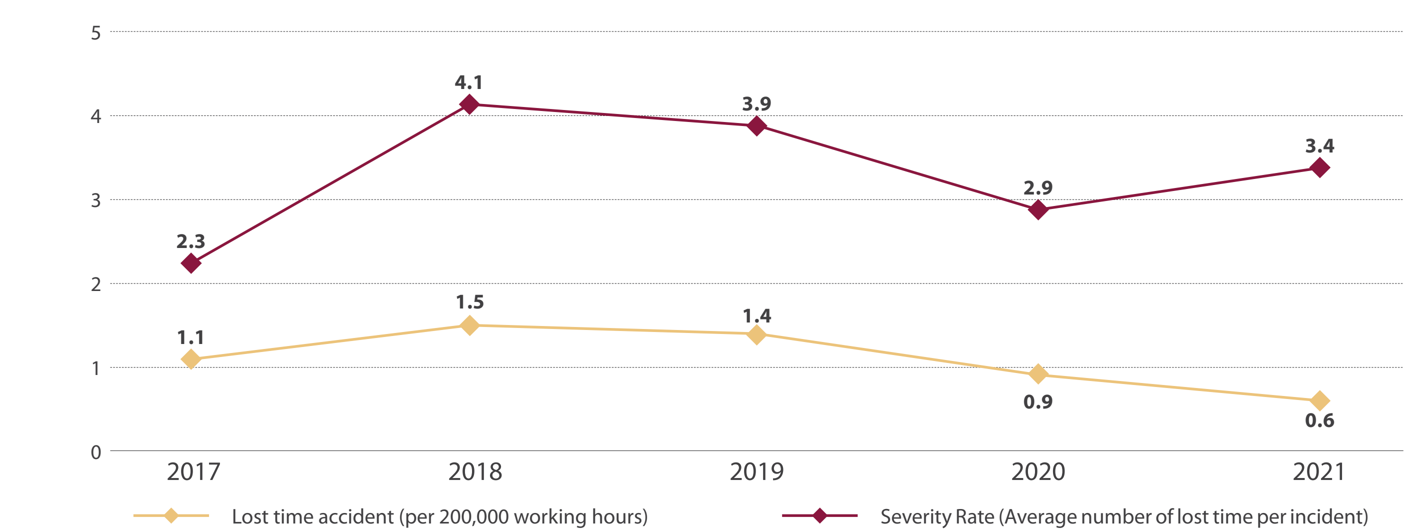
WORKPLACE

CARING FOR OUR PEOPLE

Towards a Zero-fatality Workplace

No fatality was recorded in FY2021 while the lost time accidents (“LTA”) experienced a decrease by 78%, from 2.8 in FY2014 to 0.6 in FY2021. The severity rate (average amount of lost time per accident), unfortunately, increased by 21% from FY2014 to FY2021.

Lost Time Accident Rate



Our SOP requires all accidents to be reported and recorded at our clinic while the OSH committee will conduct a thorough review on the cause of the accident and outline recommendations and actions that need to be taken to prevent future recurrence. The findings of each review are reinforced by safety training and re-training on the use of appropriate protective equipment in order to minimise risks. Investigation reports are kept and maintained at each estate and oil mill.

COMMUNITY

COMMUNITY ADVANCEMENT

Building Facilities for a Better Quality of Life

In FY2021, Hap Seng Plantations has an estimated 2,651 hectares of land for the development of buildings and infrastructure, including residential buildings, medical clinics, sundry shops and recreational facilities.

Housing is provided to almost all of our 6,861 employees and their families. Workers' quarters are designed to incorporate a sufficient plot of land for food cultivation. In addition, each estate has a shop that is granted permission to operate by the company. To ensure goods remain affordable, these shops operate with controlled retail prices. At the end of each month, a special two-day bazaar is set up to facilitate the trading and selling of home-grown food.

Facilities for Both Workers & Nearby Communities

- **ALL** Housing with garden plots
- **4** Clinics with wards*
- **13** Full-time nurses*
- **3** Visiting doctor*
- **3** Medical assistants*
- **4** Ambulance*
- **20** Shops
- **2** X-ray equipment (SSGOE & JGOE)*
- **1** Audiometric room facility (JGOE)
- Recreational facilities
  - **4** Clubhouse*
  - **8** Other facilities (e.g. Hall)
- **117km** of road for nearby villages*
- **3** 24-hour ferry – accessible to nearby villages*

* Accessible to local communities

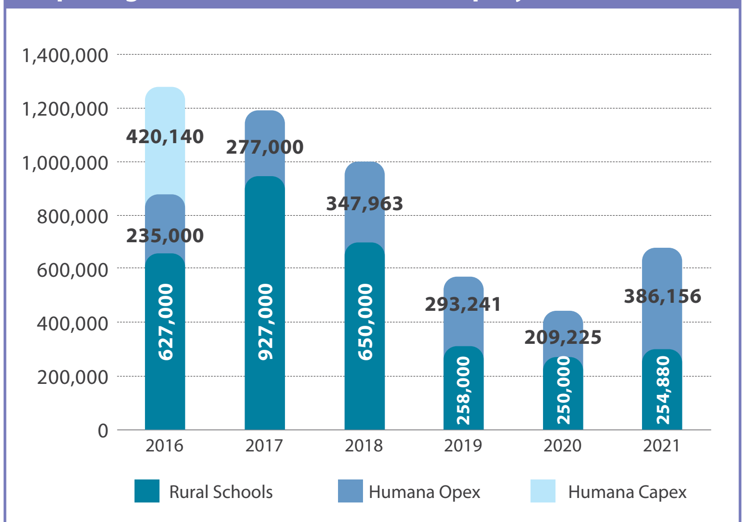
COMMUNITY

Hap Seng Plantations has contributed a considerable amount of monetary commitment towards providing a better quality of life for its workers and the community living nearby. This comes in the form of quality housing; social and religious amenities; recreational and medical facilities as well as transportation and infrastructural facilities.

	Items	2021	2020	2019
		Amount (RM)		
Workers Welfare	Housing	**638,317.75**	685,665.21	1,327,798.26
	Utilities - electricity	**5,287,685.77**	4,130,351.59	5,111,659.35
	Utilities - water	**824,150.56**	676,826.54	812,290.71
	Training & development	**15,588.80**	6,194.71	47,037.62
	Transport for workers (work purpose)	**921,987.80**	717,695.60	585,112.07
	Clinic - medial for employees & dependents	**99,243.51**	170,252.17	158,538.34
	Upkeep of religious buildings, recreational facilities and amenities	**387,685.68**	352,873.30	602,071.73
	Provision of social amenities	**-**	-	-
	Social contributions	**325,682.24**	208,433.13	335,575.02
Community	Ferry service	**123,334.91**	66,715.19	63,458.99
	Road maintenance	**1,016,320.83**	815,100.61	2,616,604.67
	Clinic - medical for employees & dependents	**111,412.91**	46,702.56	95,820.42
	Upkeep of religious buildings, recreational facilities and amenities	**331.80**	2,099.16	552.00
	Provision of social amenities	**-**	-	-
	Utilities - free electricity	**-**	-	-
	Social contribution	**51,434.10**	67,889.41	30,727.89
Retailers in Estates	Subsidies rental	**-**	-	15,900.20

Investing in Education for Our Community

Hap Seng Plantations Education Inequity Initiative (RM)



Hap Seng Plantations believed in the role of education in poverty eradication. As such, we invest considerably in education for our community in two areas. Firstly, due to our remote location, and the presence of many children of foreign workers, one of our key initiatives is to help these children to have access to schools. In this area, we have been working with Humana Child Aid Society, a social non-profit NGO which provides education for thousands of children who live in plantations and other remote areas far from schools in Sabah.

In FY2021, we contributed an estimated RM386,156 to fund the Humana Child Aid Society to support its mission, to provide education for children in plantations and other remote areas of Borneo. Moreover, we conduct outreach to other plantation companies in the area to raise awareness about the right to basic education, and to encourage them to adopt similar initiatives.

COMMUNITY

Secondly, our focus is to be a catalyst in improving education in rural areas through capacity building in Higher Order Thinking Skills and English. This year, we continued with our ongoing programmes such as LAUNCH P.A.D. programme through the 3E framework (Equip, Empower and Expansion) and Ignite Digital Marker 2.0. We have invested approximately RM254,880 in these two main capacity building programmes.

Two Main Capacity Building Programmes in 2021

i) Hap Seng Group LAUNCH P.A.D. 2021

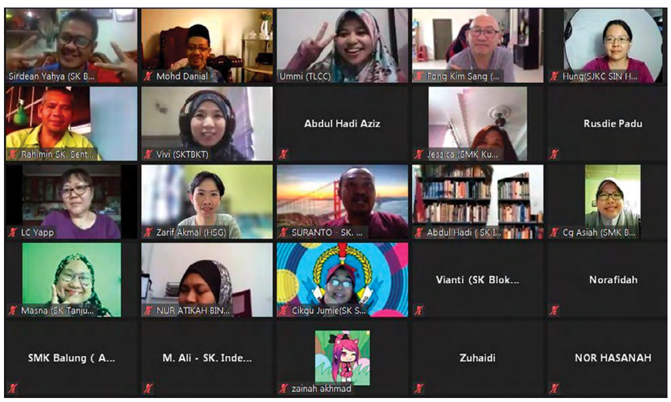
The Group continued to extend and expand its social responsibility initiatives in Sabah by creating intentional touchpoints with youth and community stakeholders, raise leadership competency among youth, build community stakeholder capacity, and activate community expansion through the 3E framework (Equip, Empower, and Expansion) via Hap Seng Group LAUNCH P.A.D. programme. The programme involved 599 students from 68 schools in Tawau and Kota Kinabalu, Sabah. A 2-day LAUNCH P.A.D. Camps, held live through YouTube, served as the culmination of the five Leaderonomics Club sessions across the year, as students came together for learning and growth.

An e-Convention was held in November 2021 to serve as a platform to unite participating students for a time of bonding, inspirational sharing sessions and other fun-filled activities. A special tribute video, capturing beautiful memories of the past five years of the programme with the Tawau community, was presented. Many participants expressed their gratitude to Hap Seng for their continuous efforts in student development over the past five years.

ii) Ignite Digital Marker 2.0

Hap Seng continues to build the Digital Marker Community for the second year in Tawau, Sabah, by sharing digital literacy through coding. The team-based and project-based learning, involved 80 school teachers and 140 students from 27 schools who worked together, to build and to create innovative projects with microcontrollers, coding, mobile applications, Internet of Things, Artificial Intelligence, and other technologies. Along the way, participants also developed soft skills such as communication, critical thinking, collaboration, and creativity. The participants were given opportunities to showcase their projects through national-level Junior Innovate Challenge and Young Innovate Challenge which were held in the fourth quarter of 2021.

Junior Innovate Challenge 2021 (Primary Students' Level)	Tawau schools won 4 Gold, 1 Silver, and 1 Bronze
Young Innovate Challenge 2021 (Secondary Students' Level)	Tawau school won 2 Gold, 4 Silver, and 2 Bronze



Participants of Ignite Digital Marker 2.0

ENVIRONMENT

ENVIRONMENT STEWARDSHIP

Protecting our Environment
Our operations in Sabah are located close to some of Southeast Asia's most striking biodiversity, including flagship species and flora endemic to the area. We have developed an evolving set of systems to ensure our operations do not endanger wildlife habitats or the ecosystem.

As environmental stewards, our focus is on forest preservation and conservation with a long-term plan to enrich the flora and fauna biodiversity within the vacant areas in Hap Seng Plantations with both protected plant and animal species.

Hap Seng Plantations strictly adheres to all relevant laws, as well as to RSPO, MSPO and ISCC EU certification principles and criteria. These commitments have been defined in our Sustainable Agriculture Policy where our journey towards a sustainable oil palm estate is set out. The policy is publicly available from our company website at www.hapsengplantations.com.my.

Despite the COVID-19 pandemic, we still managed to carry out the monitoring programmes that were put in place.

In FY2021, we continued to:

- Conduct monthly monitoring of scheduled waste management by a competent person.
- Improve the recycling programme including workers' housing areas by conducting awareness training to all workers.
- Conduct monthly monitoring of landfill areas.
- Conduct monthly monitoring of riparian areas.
- Conduct monthly monitoring of deforestation activity and forest buffer zone.
- Conduct monthly monitoring of fire hot spots. The data is available on our company website.
- Engage with accredited external consultant on our environmental compliance which included workers housing areas, landfills, river water quality, scheduled waste management, sedimentation and sewerage ponds, riparian zone, forest buffer zone, soil erosion along river banks, replanting activities, air pollution, and water sources.

ENVIRONMENT

Safeguard Our Water Resources

Hap Seng Plantations practice water resource management guided by a water management plan. This plan is revised annually in every plantation to ensure our water sources are well managed and conserved.

The plan includes:

- Maintenance of riparian reserves to minimise soil run-off and act as a filter to preserve the quality of water entering waterways.
- Growing legume cover crops to prevent run-off and conserve soils.
- Avoiding oil palm planting on steep terrain.
- Monitoring and treating POME and wastewater before discharge.
- Applying BioTUBE desludging technology to remove solids in POME, reducing BOD levels to within an acceptable limit as required by the Department of Environment ("DOE").

We are mainly utilising water sourced from ponds and rainwater. In FY2021, we had withdrawn 2,519,018 m^3 of water. Aside from ensuring water security within our operations, we are also committed in ensuring the generated wastewater is treated and discharged in accordance to the Environmental Quality Act 1974. Most of the 767.98 m^3 of wastewater was discharged as domestic wastewater and treated POME application to the field.

Managing POME Discharge

POME is a wastewater produced from processing of FFB. Untreated POME is harmful to the aquatic ecosystem as it contains high level of organic matters that can cause excessive algae growth and reduce the amount of available oxygen for aquatic life.

Hap Seng Plantations' continuous efforts in reducing BOD at all four mills yielded positive results as the average BOD was reduced to 14 ppm in FY2021 as compared to 20 ppm in FY2020. Commissioning of a new biogas facility and polishing plant at BPOM in February 2020 was instrumental to the improved BOD. Moreover, one additional biogas facility is scheduled to be built at TPOM in 2022. This new addition is expected to further reduce the BOD.

We are making good progress in meeting our 20 ppm target for all mills. To support our work in line with this goal, we have established a dedicated committee (the 20 ppm and Biogas Project Committee) to monitor BOD levels on a daily basis.

Discharged POME BOD Level

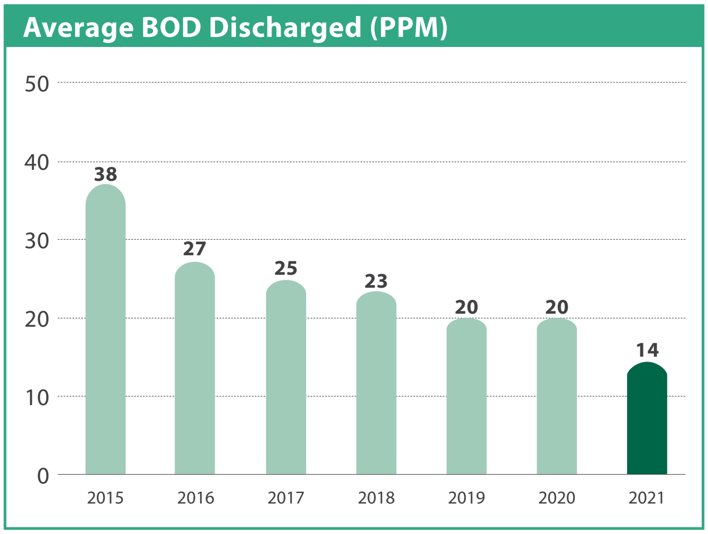
Mills	BOD level in				
	2021	2020	2019	2018	2017
BPOM	7 ppm	29 ppm	31 ppm	33 ppm	41 ppm
JPOM1	15 ppm	12 ppm	12 ppm	13 ppm	20 ppm
JPOM2	16 ppm	16 ppm	19 ppm	21 ppm	20 ppm
TPOM	17 ppm	22 ppm	19 ppm	23 ppm	19 ppm
Total Average	**14 ppm**	**20 ppm**	**20 ppm**	**23 ppm**	**25 ppm**

Even though there is no requirement by the DOE to report Chemical Oxygen Demand ("COD"), Hap Seng Plantations made the effort to monitor the COD discharge level from our mills. Hap Seng Plantations has also taken the initiative to set a target of 70% reduction by FY2022 from the baseline figure established in FY2018 at 276 ppm.

The level of COD from our discharged POME are as follow:

Discharged POME COD Level

Mills	COD level in			
	2021	2020	2019	2018
BPOM	391 ppm	456 ppm	373 ppm	442 ppm
JPOM1	327 ppm	295 ppm	342 ppm	214 ppm
JPOM2	364 ppm	295 ppm	342 ppm	214 ppm
TPOM	290 ppm	347 ppm	272 ppm	232 ppm
Total Average	**343 ppm**	**348 ppm**	**332 ppm**	**276 ppm**



Carbon Management – Action on GHG Emissions

Hap Seng Plantations recognise climate change is a major threat to our planet, and we are committed to monitor and reduce our carbon emissions. We established our GHG emissions baseline in FY2014 by using the RSPO PalmGHG Calculator v2.1.1. RSPO introduced the new PalmGHG Calculator v4.0 in 2019 and since then, we have calculated our data using this latest version.

In FY2021, our net carbon emissions and our footprint per tonne of CPO was further reduced by 8% as compared to FY2020. This is Hap Seng Plantations' first in achieving the GHG emissions at below 1 MT CO_2-e/MT CPO. This significant reduction was attributed to the commissioning of the new biogas facility at BPOM.

	MT CO_2-e/MT CPO						
Mills	**2014**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
BPOM	1.61	0.99	0.50	0.40	0.56	0.17	0.75
JPOM1	1.07	1.49	1.19	1.92	1.62	1.54	1.11
JPOM2	3.18	1.45	2.09	2.06	1.44	0.41	0.88
TPOM	1.85	2.35	1.99	1.80	1.34	2.80	1.29
Group Average	**2.35**	**2.00**	**1.89**	**1.45**	**1.08**	**1.03**	**0.94**

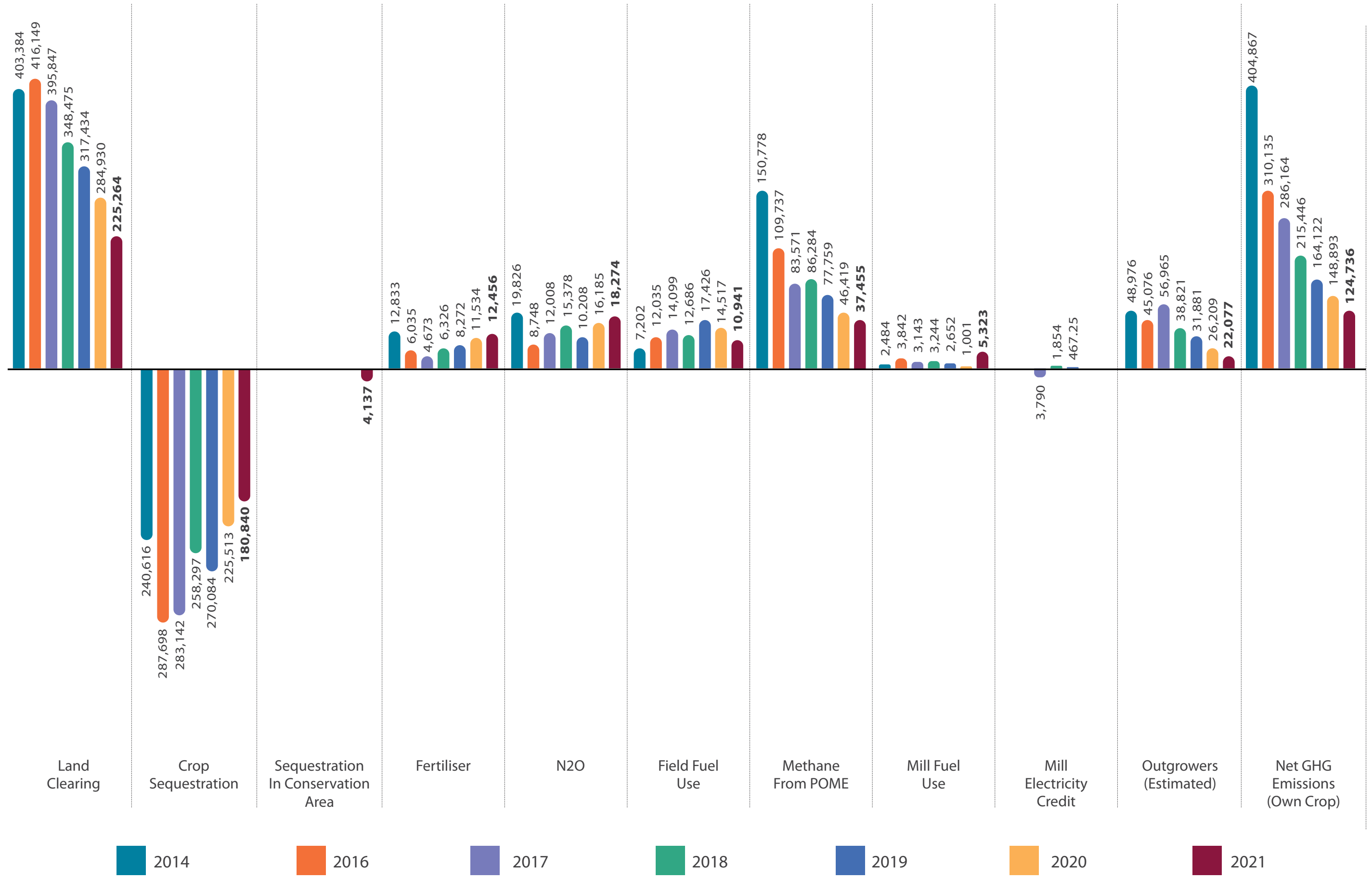
Note: The 2014 figures were calculated using RSPO PalmGHG v2.1.1. For 2016, 2017 and 2018, the figures used the PalmGHG v3.0.1 while for figures from 2019 onwards are based on the PalmGHG v4.0. RSPO advises that these numbers may be compared without recalculation.

In FY2021, direct GHG emissions (Scope 1) contributed 309,713 MT CO_2-e while there is no indirect GHG emissions (Scope 2) contributed from the operations. The GHG emissions were significantly reduced by the GHG sequestration and credit gained from our conservation efforts and natural carbon removal capacity from the planted oil palm trees. GHG reduction from sequestration and credit accounted as much as 59.7% of our gross GHG emissions, resulted in net GHG emission of 124,736 MT CO_2-e.

FY2021	Emissions at MT CO_2-e
Scope 1 Emissions	309,713
Scope 2 Emissions	0
Gross GHG Emissions	309,713
GHG Sequestration & Credit	184,977
Net GHG Emissions	**124,736**

ENVIRONMENT

Group Emission Sources And Sink (MT CO_2-e)

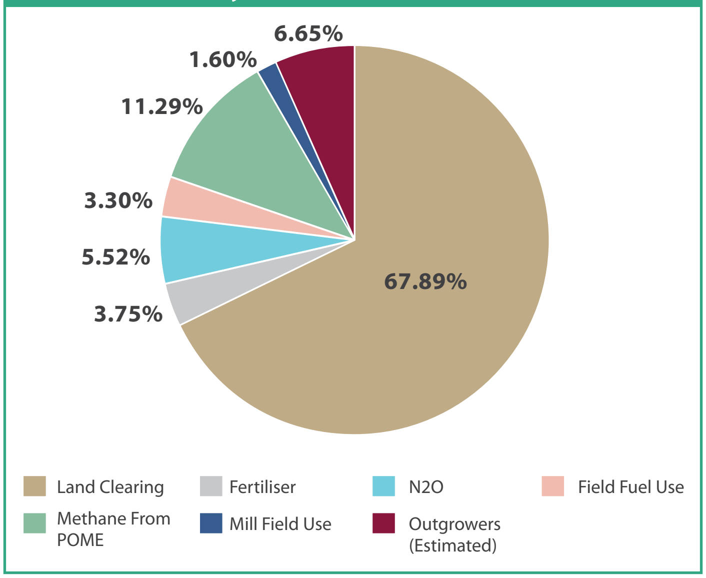


Note: Peat and POME electricity credits have been omitted, as there are no emissions or offsets in these categories.

We do use direct energy from fossil fuels (diesel fuel and petrol fuel) to operate mechanised equipment and for vehicles that transport FFB from our estates to the mills. We also use fossil fuels for FFB processing in mills, as fuel for vehicles transporting CPO from the mills to ports or our customers, and to provide power to our employees' housing, except in our Batangan and Kapis estates, where electricity is supplied by the JPOM biogas facilities. In FY2021, our estates recorded 95,483 litres of petrol usage which was mainly used for transportation.

With the commissioning of our second biogas facilities at BPOM, fossil fuel usage will be further reduced in our plantation's operations. We are now focusing in building another biogas facility at TPOM for electricity generation.

Gross Emission By Source



ENVIRONMENT

Non-renewable Energy	Renewable Energy
Diesel	Oil palm biomass
Petrol	Biogas

FY2021	Unit	
Non-Renewable Energy	MJ	240,000,171.98
Renewable Energy	MJ	283,010,410.80
Excess Electricity Feed to Grid	MJ	0.00
Total Energy Consumption	MJ	**523,010,582.78**
Energy Intensity	MJ/MT CPO	**3,924**

Our operations consumed 523,010,582.78 MJ of energy derived from renewable and non-renewable energy. Renewable energy generated from the biogas plant and the burning of biomass constituted to 54% of the overall energy consumption. High dependency on fossil fuel usage was significantly mitigated by transition to biogas.

SUSTAINING OUR FUTURE

Renewables at Hap Seng Plantations

In 2020, the biogas facility at BPOM was commissioned. With this new facility, we have met our target of utilising renewable energy for BPOM.

As a responsible planter, we do recognise the production of palm oil generates waste that must be carefully managed to reduce its impact on the environment. The main waste type derived from the production of crude palm oil is POME.

Thus, in line with our goal of reducing both GHG and BOD levels, we have resorted to the commissioning of biogas plants to capture methane from POME and convert them into electricity. Not only does this process reduce the amount of methane released to the environment, it also reduces our reliance on fossil fuels for energy generation. Moreover, the nutrient-rich by-products from our biogas plant can be used to replace costly fertilisers, thereby further reducing our carbon footprint and benefitting our company economically.

The electricity produced by our biogas plant is now powering our two mills at Jeroco at Kapis and Batangan and SK Jeroco local school.

Year Commissioned	Biogas Facility (quantity)	Energy Produced (kW)	Mill	Beneficiary
2017	one	2017 – 5,988,804 2018 – 6,930,471 2019 – 8,390,010 2020 – 8,424,527 2021 – 7,500,903 **Total = 37,234,715**	JPOM 1 JPOM 2	Workers housing at JPOM 1, JPOM 2, Kapis Estate and Batangan Estate. - SK Jeroco. - Office area. - Mill 1 and 2 operations.
2020	one	2020 – 5,042,263 2021 – 6,994,370 **Total = 12,036,633**	BPOM	Office area, BPOM operation, and workers housing (BME & SSE).
2022	one	NA	TPOM	Workers housing.

Waste Management Programme – Recycling

In FY2021, we generated 104,542.88 MT of wastes and managed to recycle 104,137.78 MT of recyclable wastes. Most of the recycled wastes consist of oil palm biomass recycled for energy generation and soil nutrient enhancement. We also recorded increase in other recyclable wastes to 58.81 MT, as compared to 10.36 MT in FY2020. The reason for the increases was due to the COVID-19 pandemic as strict SOP were put in place. This restricted both non-essential movements and activities like the lockdown where the employees remained in the estate for a longer period, thus the increases in the amount of recyclable wastes.

Waste Management	Unit	Scheduled Waste	Non-Scheduled Waste	Total
Amount Generated	MT	104.25	104,438.63	**104,542.88**
Recycled & Reused	MT	0	104,137.78	**104,137.78**
Disposed	MT	104.25	300.85	**405.10**

Hap Seng Plantations understands that poor waste management is detrimental to the environment and poses risks for societal health and wellbeing. It also increases the cost of doing business.

As a responsible planter and in line with our goal for better waste management, Hap Seng Plantations has introduced a waste management programme to collect plastic bottles, glass bottles, paper and aluminium. Storage facilities for recycling waste were built at JGOE, SSGOE and TMGOE. Additional two storage units are currently under construction at our Kawa and Pelipikan estates. To support the project, workers have been educated on the importance of waste recycling as part of their environmental sustainability training.

These efforts are in accordance with the Environmental Quality Act 1974. In 2019, two representatives from our mills and Plantations Central Office ("PCO") attended a scheduled waste management course organised by the DOE in Labuan. Both representatives had passed their Competent Person certificate after their Field Training Report was accepted by the Environmental Institute of Malaysia (EiMAS), DOE.

The Competent Person is responsible to provide training on scheduled waste to all operating units. They are also responsible to control and monitor scheduled waste management on a monthly basis. All scheduled waste is disposed through authorised contractors on a biannual basis, or when the waste reached 20 tonnes as stipulated under Regulation 9, Environmental Quality (Scheduled Wastes) Regulation 2005.

For the complete 2021 Hap Seng Plantations Sustainability Report, please download it at:
https://www.hapsengplantations.com.my/annual-reports.html

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company are responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

(a) used appropriate accounting policies and applied them on a consistent basis;
(b) made judgements and estimates that are reasonable and prudent; and
(c) prepared the audited financial statements on going concern basis.

The Directors are also responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016 and take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. There has been no significant change in the nature of this activity during the financial year.

HOLDING COMPANIES

The immediate holding company is Hap Seng Consolidated Berhad and the ultimate holding company is Gek Poh (Holdings) Sdn. Bhd.. Both companies are incorporated in Malaysia.

SUBSIDIARIES

The principal activities and other details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	224,023	68,956

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review other than those disclosed in the financial statements.

DIRECTORS' REPORT

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

(i) In respect of the financial year ended 31 December 2020 as reported in the Directors' report of that year, a second interim dividend of 5.5 sen per ordinary share under the single-tier system totalling RM43,982,685 declared on 24 February 2021 and paid on 24 March 2021; and

(ii) In respect of the financial year ended 31 December 2021, a first interim dividend of 1.5 sen per ordinary share under the single-tier system totalling RM11,995,277 declared on 24 August 2021 and paid on 22 September 2021.

On 23 February 2022, the Board of Directors approved a second interim dividend of 15.5 sen per ordinary share under the single-tier system in respect of the financial year ended 31 December 2021, amounting to a total of RM123,951,205 and was paid on 23 March 2022. The financial statements for the current financial year do not reflect this dividend and it will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2021.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Mohammed Bin Haji Che Hussein
Datuk Simon Shim Kong Yip, JP
Datuk Edward Lee Ming Foo, JP **
Lee Wee Yong **
Cheah Yee Leng **
Au Yong Siew Fah **
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP #
Chong Kwea Seng
Choy Khai Choon
Tan Sri Amirsham Bin A Aziz
Andrew John Barber
Datuk Hamisa Binti Samat (Appointed on 1 June 2021)
Datuk Jasa @ Ismail Bin Rauddah (Resigned on 31 May 2021)

** These Directors are also directors of the Company's subsidiaries.

Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP resigned as director of the Company's subsidiary on 9 February 2021.

The names of the Directors of the Company's subsidiaries who served during the financial year until the date of this report (not including those directors listed above) are:

Tuan Haji Pondren Bin Nawa (Resigned on 9 February 2021)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors of the Company at financial year end (including the interests of the spouses or children of the Directors of the Company who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Interest in the immediate holding company: Hap Seng Consolidated Berhad				
Au Yong Siew Fah	291,600	-	-	291,600
Interest in the Company: Hap Seng Plantations Holdings Berhad				
Datuk Simon Shim Kong Yip, JP	180,000	-	-	180,000
Cheah Yee Leng	41,200	-	-	41,200
Au Yong Siew Fah	180,000	-	-	180,000
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP	1,000	-	-	1,000

None of the other Directors of the Company holding office at 31 December 2021 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 16 in the financial statements or the fixed salary of a full time employee of the Company or of related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 24 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

ISSUE OF SHARES

There were no changes in the issued share capital of the Company during the financial year.

TREASURY SHARES

During the annual general meeting of the Company held on 24 May 2021, shareholders of the Company renewed the existing authorisation to the Company to repurchase its own shares. During the financial year, the Company did not purchase any of its own shares.

As at 31 December 2021, the Company held a total of 314,800 ordinary shares as treasury shares.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Company are covered by Directors and Officers Liability Insurance which is maintained on a group basis by the Company in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the Directors and Officers of the Group during the year was RM10 million and the total amount of premium paid was RM25,000.

MATERIAL LITIGATIONS

Details of material litigations are disclosed in Note 25 to the financial statements.

SIGNIFICANT EVENT DURING THE YEAR

Significant event is disclosed in Note 27 to the financial statements.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) there are no bad debts to be written off and no provision need to be made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 15 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Edward Lee Ming Foo, JP
Director

Au Yong Siew Fah
Director

Kuala Lumpur

15 April 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	**1,710,570**	1,801,508	**247**	279
Investment in subsidiaries	4	**-**	-	**1,586,842**	1,585,513
Total non-current assets		**1,710,570**	1,801,508	**1,587,089**	1,585,792
Inventories	5	**91,078**	54,286	**-**	-
Biological assets	6	**57,721**	33,889	**-**	-
Receivables	7	**14,266**	31,852	**50,969**	50,132
Current tax assets		**11,889**	1,373	**35**	22
Money market deposits		**296,637**	195,322	**82,251**	72,292
Cash and cash equivalents	8	**121,040**	63,655	**836**	69
		592,631	380,377	**134,091**	122,515
Assets held for sale	9	**66,101**	-	**-**	-
Total current assets		**658,732**	380,377	**134,091**	122,515
Total assets		**2,369,302**	2,181,885	**1,721,180**	1,708,307
Equity					
Share capital	10	**1,475,578**	1,475,578	**1,475,578**	1,475,578
Merger reserves	10	**(1,347,761)**	(1,347,761)	**-**	-
Retained earnings		**1,755,895**	1,587,850	**245,118**	232,140
		1,883,712	1,715,667	**1,720,696**	1,707,718
Less: Treasury shares	10	**(841)**	(841)	**(841)**	(841)
Total equity		**1,882,871**	1,714,826	**1,719,855**	1,706,877
Liabilities					
Deferred tax liabilities	11	**378,865**	373,180	**10**	9
Lease liabilities		**43,209**	45,610	**14**	-
Total non-current liabilities		**422,074**	418,790	**24**	9
Payables	12	**51,777**	33,230	**1,287**	1,421
Current tax liabilities		**6,303**	5,434	**-**	-
Lease liabilities		**6,277**	9,605	**14**	-
Total current liabilities		**64,357**	48,269	**1,301**	1,421
Total liabilities		**486,431**	467,059	**1,325**	1,430
Total equity and liabilities		**2,369,302**	2,181,885	**1,721,180**	1,708,307

The notes on pages 77 to 124 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	13	**670,851**	467,595	**70,323**	48,936
Cost of sales		**(315,288)**	(311,316)	**-**	-
Gross profit		**355,563**	156,279	**70,323**	48,936
Other operating income		**40,668**	34,456	**2,315**	1,161
Distribution expenses		**(54,990)**	(30,876)	**-**	-
Administrative expenses		**(29,220)**	(28,749)	**(3,601)**	(3,239)
Other operating expenses		**(19,439)**	(20,184)	**(74)**	(5,835)
Operating profit		**292,582**	110,926	**68,963**	41,023
Finance costs	14	**(2,322)**	(2,526)	**(1)**	-
Profit before tax	15	**290,260**	108,400	**68,962**	41,023
Tax expense	17	**(66,237)**	(18,104)	**(6)**	(5)
Profit and total comprehensive income for the year		**224,023**	90,296	**68,956**	41,018
Basic earnings per ordinary share (sen)	18	**28.01**	11.29		

The notes on pages 77 to 124 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		← Attributable to owners of the Company →				
		Non-Distributable		**Distributable**		
	Note	**Share capital RM'000**	**Merger reserves RM'000**	**Retained earnings RM'000**	**Treasury shares RM'000**	**Total equity RM'000**
Group						
At 1 January 2020		1,475,578	(1,347,761)	1,525,543	(841)	1,652,519
Profit and total comprehensive income for the year		-	-	90,296	-	90,296
Dividends	19	-	-	(27,989)	-	(27,989)
At 31 December 2020/ 1 January 2021		**1,475,578**	**(1,347,761)**	**1,587,850**	**(841)**	**1,714,826**
Profit and total comprehensive income for the year		**-**	**-**	**224,023**	**-**	**224,023**
Dividends	19	**-**	**-**	**(55,978)**	**-**	**(55,978)**
At 31 December 2021		**1,475,578**	**(1,347,761)**	**1,755,895**	**(841)**	**1,882,871**
		Note 10	Note 10		Note 10	

The notes on pages 77 to 124 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		← Attributable to owners of the Company →			
	Note	Non-Distributable Share capital RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000
Company					
At 1 January 2020		1,475,578	219,111	(841)	1,693,848
Profit and total comprehensive income for the year		-	41,018	-	41,018
Dividends	19	-	(27,989)	-	(27,989)
At 31 December 2020/ 1 January 2021		**1,475,578**	**232,140**	**(841)**	**1,706,877**
Profit and total comprehensive income for the year		**-**	**68,956**	**-**	**68,956**
Dividends	19	**-**	**(55,978)**	**-**	**(55,978)**
At 31 December 2021		**1,475,578**	**245,118**	**(841)**	**1,719,855**
		Note 10		Note 10	

The notes on pages 77 to 124 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit before tax		**290,260**	108,400	**68,962**	41,023
Adjustments for:					
Depreciation of property, plant and equipment	3	**86,491**	87,652	**74**	104
Dividend income		**(4,739)**	(3,417)	**(71,281)**	(50,051)
Interest income		**(1,124)**	(906)	**(28)**	(46)
Interest expense		**2,322**	2,526	**1**	-
(Reversal of impairment loss)/Impairment loss on investment in subsidiaries		**-**	-	**(1,329)**	5,629
Net (gain)/loss on disposal of property, plant and equipment		**(125)**	(12,783)	**-**	102
Net gain from fair value adjustments of biological assets	6	**(23,832)**	(8,840)	**-**	-
Property, plant and equipment written off		**293**	572	**-**	-
Operating profit/(loss) before changes in working capital		**349,546**	173,204	**(3,601)**	(3,239)
Change in inventories		**(36,792)**	(3,496)	**-**	-
Change in receivables		**17,586**	(1,835)	**1**	-
Change in payables		**18,547**	(5,350)	**(134)**	(839)
Cash generated from/(used in) operations		**348,887**	162,523	**(3,734)**	(4,078)
Interest received		**1,124**	906	**28**	46
Interest paid		**(2,322)**	(2,526)	**(1)**	-
Tax paid		**(70,199)**	(26,631)	**(18)**	(32)
Tax refunded		**-**	2,551	**-**	23
Net cash from/(used in) operating activities		**277,490**	136,823	**(3,725)**	(4,041)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Balances with subsidiaries		**-**	-	**(838)**	(3,388)
Dividends received from money market deposits		**4,739**	3,417	**958**	1,115
Dividends received from subsidiaries		**-**	-	**70,323**	48,936
Increase in money market deposits		**(101,315)**	(111,295)	**(9,959)**	(19,235)
Proceeds from disposal of property, plant and equipment		**125**	77,573	**-**	566
Acquisition of property, plant and equipment	3	**(57,757)**	(54,664)	**-**	(530)
Net cash (used in)/from investing activities		**(154,208)**	(84,969)	**60,484**	27,464
Cash flows from financing activities					
Dividends paid	19	**(55,978)**	(27,989)	**(55,978)**	(27,989)
Payment of lease liabilities		**(9,919)**	(9,527)	**(14)**	-
Net cash used in financing activities		**(65,897)**	(37,516)	**(55,992)**	(27,989)
Net change in cash and cash equivalents		**57,385**	14,338	**767**	(4,566)
Cash and cash equivalents at 1 January		**63,655**	49,317	**69**	4,635
Cash and cash equivalents at 31 December	8	**121,040**	63,655	**836**	69

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

Cash outflows for leases as a lessee:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Included in net cash from operating activities:				
Interest paid in relation to lease liabilities	**(2,322)**	(2,526)	**(1)**	-
Included in net cash from financing activities:				
Payment of lease liabilities	**(9,919)**	(9,527)	**(14)**	-
Total cash outflows for leases	**(12,241)**	(12,053)	**(15)**	-

Changes in liabilities arising from financing activities:

	At 1 January RM'000	**Cash flows RM'000**	**Addition of new lease RM'000**	**At 31 December RM'000**
Group				
2021				
Lease liabilities	**55,215**	**(9,919)**	**4,190**	**49,486**
2020				
Lease liabilities	59,755	(9,527)	4,987	55,215
Company				
2021				
Lease liabilities	**-**	**(14)**	**42**	**28**
2020				
Lease liabilities	-	-	-	-

The notes on pages 77 to 124 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Hap Seng Plantations Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

21st Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur

The consolidated financial statements of the Group as at the end of the financial year ended 31 December 2021 comprise the Company and its subsidiaries.

The Company is principally engaged in investment holding and the principal activities of the subsidiaries are as stated in Note 4.

The immediate holding company is Hap Seng Consolidated Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and the ultimate holding company is Gek Poh (Holdings) Sdn. Bhd.. Both companies are incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 15 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ["MFRSs"], International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ["MASB"] but have not been adopted by the Group and the Company:

Standards/Amendments	Effective date
Amendment to MFRS 16, *Leases – COVID-19 - Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*	1 January 2022
Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*	1 January 2022
Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

Standards/Amendments	Effective date
MFRS 17, *Insurance Contracts*	1 January 2023
Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and* MFRS 9 – *Comparative Information*	1 January 2023
Amendments to MFRS 101*, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112*, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be confirmed

The Group and the Company plan to adopt the abovementioned accounting standards or amendments, where applicable when they become effective in the respective financial periods. The Group and the Company do not expect material impact on the financial statements in the period of initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ["RM"], which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 3(b) - Extension options and discount rate in relation to leases
Note 3(e) - Impairment of property, plant and equipment
Note 4 - Impairment on investment in subsidiaries
Note 6 - Biological assets

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any difference between cost of merger and the share capital of the acquired entities is reflected within equity as merger reserve.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(l)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Oil palms are classified as bearer plants. Expenditure that are directly related to the planting and upkeep of oil palms are capitalised until the palms reach maturity. Upon maturity, maintenance and upkeep cost of oil palms are expensed off to profit or loss.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised in profit or loss.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the profit or loss in the year the bearer plant is derecognised.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Bearer plants include mature and immature oil palm plantations. Immature plantations are stated at cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted areas. Mature plantations are stated at cost less accumulated amortisation and impairment, if any. Mature plantations are amortised on a straight-line basis over 22 years, the expected useful life of the oil palms, calculated from the time when the palms are declared mature, normally 36 months after initial planting. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation commences when the bearer plants mature or when the assets under construction are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Road and infrastructure	10 - 100 years
Buildings	10 - 33 years
Plant, machinery and motor vehicles	3 - 20 years
Furniture, fittings and equipment	3 - 10 years
Bearer plants	22 years

Depreciation methods, useful lives and residual value are reviewed at the end of the reporting period and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Rented land	60 years
Motor vehicles	5 years
Buildings	3 years

Leasehold land of the Group is amortised over the period of the respective leases which range from 59 to 999 years.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

(f) Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for produce growing on bearer plants that are expected to be harvested on a date not more than 12 months after the reporting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average method, and includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition.

Cost of crude palm oil and palm kernel includes direct labour, an appropriate share of production overheads and the fair value attributed to agriculture produce at year end in accordance to MFRS 141.

Cost of fresh fruit bunches acquired from third parties includes the cost of purchase of the inventory.

Oil palm nursery inventories consist of seedlings remaining in the nursery for eventual field planting. Cost of palm oil seeds and seedlings includes the cost of treatment and cultivation.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Trade and other receivables are categorised and measured as financial assets at amortised cost in accordance with Note 2(c).

(j) Money market deposits

Money market deposits are categorised and measured as financial assets at fair value through profit or loss in accordance with Note 2(c).

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with licensed bank and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as financial assets at amortised cost in accordance with Note 2(c).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment

(i) Financial assets

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's or the Company's historical experience and informed credit assessment and including forward-looking information, where available.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) Employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

The Group's contributions to the Employees' Provident Fund are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ["EPS"].

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

	Road and infrastructure RM'000	Buildings RM'000	Plant, machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work in progress RM'000	Bearer plants RM'000	Right-of-use assets RM'000	Total RM'000
Group								
Cost								
At 1 January 2020	241,275	292,857	288,205	21,106	27,168	551,038	1,299,885	2,721,534
Additions	-	89	4,136	1,083	27,347	22,009	4,987	59,651
Disposals	(1,498)	(6,120)	(3,828)	(1,389)	-	(2,518)	(64,950)	(80,303)
Written off	(142)	(409)	(4,434)	(24)	-	-	-	(5,009)
Reclassifications	17,340	1,770	25,688	343	(35,208)	-	(9,933)	-
At 31 December 2020/ 1 January 2021	**256,975**	**288,187**	**309,767**	**21,119**	**19,307**	**570,529**	**1,229,989**	**2,695,873**
Additions	**-**	**54**	**3,091**	**1,108**	**26,024**	**27,480**	**4,190**	**61,947**
Transfer to assets held for sale	**(1,588)**	**(7,513)**	**(2,346)**	**(1,134)**	**(2)**	**(2,740)**	**(70,459)**	**(85,782)**
Derecognition	**-**	**-**	**-**	**-**	**-**	**-**	**(4,304)**	**(4,304)**
Disposals	**-**	**-**	**(846)**	**(13)**	**-**	**-**	**-**	**(859)**
Written off	**(10)**	**(417)**	**(5,703)**	**(1,019)**	**-**	**-**	**-**	**(7,149)**
Reclassifications	**25,518**	**2,960**	**3,000**	**86**	**(31,564)**	**-**	**-**	**-**
At 31 December 2021	**280,895**	**283,271**	**306,963**	**20,147**	**13,765**	**595,269**	**1,159,416**	**2,659,726**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Road and infrastructure RM'000	Buildings RM'000	Plant, machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work in progress RM'000	Bearer plants RM'000	Right-of-use assets RM'000	Total RM'000
Group								
Accumulated depreciation								
At 1 January 2020	63,253	139,211	194,292	15,688	-	309,795	104,424	826,663
Charge for the year	9,215	13,468	17,571	1,408	-	19,437	26,553	87,652
Disposals	(409)	(3,919)	(2,080)	(851)	-	(2,249)	(6,005)	(15,513)
Written off	(142)	(141)	(4,130)	(24)	-	-	-	(4,437)
Reclassifications	746	-	-	-	-	-	(746)	-
At 31 December 2020/ 1 January 2021	**72,663**	**148,619**	**205,653**	**16,221**	**-**	**326,983**	**124,226**	**894,365**
Charge for the year	**9,729**	**13,200**	**17,303**	**1,500**	**-**	**18,693**	**26,066**	**86,491**
Transfer to assets held for sale	**(529)**	**(4,999)**	**(2,226)**	**(487)**	**-**	**(2,491)**	**(8,949)**	**(19,681)**
Derecognition	**-**	**-**	**-**	**-**	**-**	**-**	**(4,304)**	**(4,304)**
Disposals	**-**	**-**	**(846)**	**(13)**	**-**	**-**	**-**	**(859)**
Written off	**(10)**	**(232)**	**(5,600)**	**(1,014)**	**-**	**-**	**-**	**(6,856)**
At 31 December 2021	**81,853**	**156,588**	**214,284**	**16,207**	**-**	**343,185**	**137,039**	**949,156**
Carrying amounts								
At 31 December 2020	184,312	139,568	104,114	4,898	19,307	243,546	1,105,763	1,801,508
At 31 December 2021	**199,042**	**126,683**	**92,679**	**3,940**	**13,765**	**252,084**	**1,022,377**	**1,710,570**

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM61,947,000 (2020: RM59,651,000) which are satisfied by the following:

	Group 2021 RM'000	Group 2020 RM'000
Cash payments on purchase of property, plant and equipment	**57,757**	54,664
Additions of right-of-use assets by way of lease commitment	**4,190**	4,987
	61,947	59,651

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

Information about leases for which the Group is lessee is presented below:

	Leasehold land RM'000	Rented land RM'000	Motor vehicles RM'000	Buildings RM'000	Total RM'000
Group					
Carrying amount					
1 January 2020	1,141,734	30,080	23,647	-	1,195,461
Additions	-	-	4,987	-	4,987
Disposals	(58,945)	-	-	-	(58,945)
Depreciation charge for the year	(16,560)	(612)	(9,381)	-	(26,553)
Reclassifications	(9,187)	-	-	-	(9,187)
At 31 December 2020/ 1 January 2021	**1,057,042**	**29,468**	**19,253**	**-**	**1,105,763**
Additions	**-**	**-**	**3,640**	**550**	**4,190**
Transfer to assets held for sale	**(61,510)**	**-**	**-**	**-**	**(61,510)**
Depreciation charge for the year	**(15,968)**	**(613)**	**(9,302)**	**(183)**	**(26,066)**
At 31 December 2021	**979,564**	**28,855**	**13,591**	**367**	**1,022,377**

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the discount rate of the respective leases. Group entities first determine the closest available discount rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(c) The title of the Group's leasehold land with carrying amount of RM28,702,000 (2020: RM29,158,000) stipulated that not less than 30% of the undivided share of the said land or not less than 30% of the equity of the subsidiary being the registered owner of the said land, shall be transferred to/held by/registered in the name of native(s) on or before July 2012 ["Native Condition"]. In year 2017, the Land and Survey Department in Kota Kinabalu had granted further extension up to July 2022 to comply with the Native Condition.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Private caveat was entered by third parties on the Group's leasehold land with carrying amount of RM66,573,000 (2020: RM67,443,000) as disclosed in Note 25(a) to the financial statements.

(e) The Group has evaluated whether the underlying property, plant and equipment included bearer plants are stated in excess of their recoverable amounts. The recoverable amounts of the assets are based on their estimated fair values, which are determined by a professional valuation firm using the following approaches:

(i) Comparison approach for the assets with non optimal yield and production
(ii) Income approach based on discounted cash flow method

The carrying amounts of these assets are not impaired as at year end as their recoverable amount is higher than their carrying amounts.

	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Right-of-use assets – buildings RM'000	Total RM'000
Company				
Cost				
At 1 January 2020	200	580	-	780
Additions	-	530	-	530
Disposals	-	(814)	-	(814)
At 31 December 2020/1 January 2021	**200**	**296**	**-**	**496**
Additions	**-**	**-**	**42**	**42**
Disposals	**(13)**	**-**	**-**	**(13)**
At 31 December 2021	**187**	**296**	**42**	**525**
Accumulated depreciation				
At 1 January 2020	194	65	-	259
Charge for the year	3	101	-	104
Disposals	-	(146)	-	(146)
At 31 December 2020/1 January 2021	**197**	**20**	**-**	**217**
Charge for the year	**1**	**59**	**14**	**74**
Disposals	**(13)**	**-**	**-**	**(13)**
At 31 December 2021	**185**	**79**	**14**	**278**
Carrying amounts				
At 31 December 2020	3	276	-	279
At 31 December 2021	**2**	**217**	**28**	**247**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM42,000 (2020: RM530,000) which are satisfied by the following:

	Company	
	2021 RM'000	**2020 RM'000**
Cash payments on purchase of property, plant and equipment	**-**	530
Additions of right-of-use assets by way of lease commitment	**42**	-
	42	530

4. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM'000	**2020 RM'000**
Unquoted shares, at cost	**1,622,051**	1,622,051
Less: Impairment loss	**(35,209)**	(36,538)
	1,586,842	1,585,513

The Company conducted impairment assessment of its investment in subsidiaries by comparing their carrying amounts with their recoverable amounts. The recoverable amounts were arrived at based on the fair value less costs to sell method which represents the Company's share of the adjusted net assets in the subsidiaries.

The Company recognised a reversal of impairment loss on investment in subsidiaries of RM1,329,000 on the basis that the recoverable amounts exceeded carrying amounts. In the previous financial year, an impairment loss on investment in subsidiaries of RM5,629,000 was recognised in profit or loss.

4. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries as at 31 December 2021 which are all incorporated and have their principal place of business in Malaysia are as follows:

Name of subsidiaries	Principal activities	Effective ownership interest and voting interest (%) 2021	2020
Jeroco Plantations Sdn. Bhd.	Cultivation of oil palm and processing of fresh fruit bunches	**100**	100
Hap Seng Plantations (River Estates) Sdn. Bhd. and its subsidiaries	Cultivation of oil palm, processing of fresh fruit bunches and investment holding	**100**	100
Hap Seng Plantations (Ladang Kawa) Sdn. Bhd.	Cultivation of oil palm	**100**	100
Hap Seng Plantations (Wecan) Sdn. Bhd.	Cultivation of oil palm	**100**	100
Hap Seng Plantations (Tampilit) Sdn. Bhd.	Cultivation of oil palm	**100**	100
Hap Seng Plantations (Kota Marudu) Sdn. Bhd.	Cultivation of oil palm	**100**	100
Pelipikan Plantation Sdn. Bhd.	Cultivation of oil palm	**100**	100
Hap Seng Edible Oils Sdn. Bhd.	Livestock farming (ceased operations)	**100**	100

5. INVENTORIES

	Group 2021 RM'000	Group 2020 RM'000
At cost:		
Consumables stores	**40,204**	35,184
Planting materials	**2,295**	5,037
Palm products	**48,579**	14,065
	91,078	54,286
Recognised in profit or loss:		
Inventories recognised as cost of sales	**288,760**	284,291

6. BIOLOGICAL ASSETS

	Group 2021 RM'000	Group 2020 RM'000
Fair value		
At 1 January	**33,889**	25,049
Net gain from fair value adjustments recognised in profit or loss	**23,832**	8,840
At 31 December	**57,721**	33,889

The biological assets of the Group comprise fresh fruit bunches ["FFB"] of 2 months prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. The net present value of cash flows is then determined with reference to the market value of FFB based on Malaysian Palm Oil Board reference price as at reporting date, adjusted for production costs and other costs to sell.

As at 31 December 2021, the estimated quantity of unharvested FFB of the Group included in the fair value of FFB was 83,000 tonnes (2020: 88,000 tonnes).

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year.

Sensitivity analysis for FFB

The sensitivity analysis below indicates the approximate change in the Group's fair value of FFB and profit for the year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumptions and other variables remained constant.

	2021		2020	
	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM'000	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM'000
Selling price	**10%**	**9,119**	10%	6,482
	(10%)	**(9,119)**	(10%)	(6,482)
Production volume	**10%**	**5,772**	10%	3,377
	(10%)	**(5,772)**	(10%)	(3,377)

6. BIOLOGICAL ASSETS (CONTINUED)

Risk management strategy related to agriculture activities

(a) Regulatory and environmental risk

The Group is exposed to the environmental risk. Nevertheless, the Group has placed the Sustainability and Environmental Policies and health, safety and environmental procedures to create and maintain safe workplace and conservation of the environment at the same time comply with relevant regulations.

(b) Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of fresh fruit bunches. The Group constantly analyse and monitor global palm oil demand patterns and trends to make prompt and informed decisions. The Group also continuously focus on increasing yield and productivity as well as adopting cautious spending to mitigate the price risk.

(c) Climate and other risk

The Group's plantations are exposed to the risk of damages from climatic changes, diseases, forest fires and other natural forces. The Group has in place the processes and procedures aimed at monitoring and mitigating those risks. Such processes include but not limit to close monitoring on harvesting and crop recovery, adequate measures to control pest population, emphasize on proper fire safety procedures and other necessary measures to ensure smooth running of the operation.

7. RECEIVABLES

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Trade					
Trade receivables from contracts with customer	a	**10,555**	29,572	**-**	-
Non-trade					
Other receivables		**2,980**	1,722	**2**	3
Prepayment		**731**	484	**10**	10
Amount due from subsidiaries	b	**-**	-	**50,957**	50,119
Amount due from associate of immediate holding company	b	**-**	74	**-**	-
		3,711	2,280	**50,969**	50,132
		14,266	31,852	**50,969**	50,132

7. RECEIVABLES (CONTINUED)

Note a

All trade balances are denominated in the functional currency, which is in Ringgit Malaysia (RM), interest free and receivable within its normal trade terms.

Note b

The amount due from subsidiaries and associate of immediate holding company are unsecured, interest free and repayable on demand.

8. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deposits with licensed banks with maturities less than 3 months	**59,000**	39,910	**-**	-
Cash and bank balances	**62,040**	23,745	**836**	69
	121,040	63,655	**836**	69

9. ASSETS HELD FOR SALE

	Group	
	2021 RM'000	**2020 RM'000**
Property, plant and equipment	**66,101**	-

On 24 November 2021, the Company's wholly-owned subsidiary, Hap Seng Plantations (Ladang Kawa) Sdn. Bhd. entered into a sale and purchase agreement to dispose seven (7) parcels of agricultural land planted with oil palm trees together with buildings, main structures and infrastructures for a cash consideration of RM84,925,000 as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

10. CAPITAL AND RESERVES

	Group/Company		
	Number of shares '000	2021 Amount RM'000	2020 Amount RM'000
Ordinary shares			
Issued and fully paid shares with no par value classified as equity instruments			
At 1 January/31 December	800,000	**1,475,578**	1,475,578

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Merger reserves

Merger reserves represent the difference between cost of merger and share capital of subsidiaries acquired pursuant to an internal group reorganisation that is under common controlling shareholders.

Treasury shares

During the annual general meeting of the Company held on 24 May 2021, shareholders of the Company renewed the existing authorisation to the Company to repurchase its own shares. During the financial year, the Company did not purchase any of its own shares. As at 31 December 2021, the Company held a total of 314,800 (2020: 314,800) ordinary shares at average cost per share of RM2.67 (2020: RM2.67) as treasury shares.

11. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	At 1.1.2020 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.12.2021 RM'000
Group					
Property, plant and equipment	378,313	(13,266)	**365,047**	**162**	**365,209**
Biological assets	6,012	2,121	**8,133**	**5,523**	**13,656**
	384,325	(11,145)	**373,180**	**5,685**	**378,865**
Company					
Property, plant and equipment	14	(5)	**9**	**1**	**10**

11. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2021 RM'000	**2020 RM'000**
Other temporary differences	**(13,875)**	(14,333)
Unabsorbed capital and agriculture allowances	**33,921**	36,503
Unutilised tax losses	**55,342**	55,384
	75,388	77,554

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available in the subsidiaries against which these subsidiaries can utilise the benefits.

Pursuant to the latest tax legislation in Malaysia, unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum of 10 years and accumulated unutilised tax losses up to year of assessment 2018 can be carried forward until year of assessment 2028. Unabsorbed capital allowances and agriculture allowances attributable to entities incorporated in Malaysia do not expire under the current tax legislation. In the case of a dormant company, such allowances and losses will not be available to the affected entities if there has been a change of 50% or more in the shareholdings thereof.

The abovementioned deferred tax assets do not expire under the current tax legislation except for the unutilised tax losses:

The expiry date of unutilised tax losses is shown below:

	Group	
	Amount RM'000	**Expiry Year**
Year of assessment		
- 2018	**48,087**	2028
- 2019	**4,558**	2029
- 2020	**2,697**	2030

12. PAYABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade					
Trade payables		**3,143**	3,746	**-**	-
Amount due to related companies		**16,609**	7,445	**34**	298
	a	**19,752**	11,191	**34**	298
Non-trade					
Other payables		**32,025**	22,039	**1,253**	1,123
		51,777	33,230	**1,287**	1,421

Note a

All trade balances are denominated in the functional currency, which is in Ringgit Malaysia (RM), interest free and subject to the normal trade terms.

13. REVENUE

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue from contracts with customer				
Sales of palm products	**670,851**	467,595	**-**	-
Other revenue				
Gross dividend income	**-**	-	**70,323**	48,936
	670,851	467,595	**70,323**	48,936

Revenue from sales of palm products is recognised at a point in time when goods are delivered and accepted by customers. The credit terms range from 3 days to 15 days. There are no performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. There is no variable element in consideration, no obligation for returns or refunds and no warranty.

14. FINANCE COSTS

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Interest expense on lease liabilities	**2,322**	2,526	**1**	-

15. PROFIT BEFORE TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
- KPMG PLT	**350**	313	**80**	72
- Non-audit fees				
- KPMG PLT	**15**	15	**15**	15
- Local affiliates of KPMG PLT	**97**	89	**8**	8
Material expenses/(income)				
Depreciation of property, plant and equipment	**86,491**	87,652	**74**	104
(Reversal of impairment loss)/Impairment loss on investment in subsidiaries	**-**	-	**(1,329)**	5,629
Loss on disposal of property, plant and equipment	**-**	102	**-**	102
Net gain from fair value adjustments of biological assets	**(23,832)**	(8,840)	**-**	-
Management fees	**4,327**	4,074	**97**	95
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	**4,924**	4,577	**168**	183
- Wages, salaries and others	**141,030**	142,610	**1,410**	1,587
Property, plant and equipment written off	**293**	572	**-**	-
Dividend income from money market deposits	**(4,739)**	(3,417)	**(958)**	(1,115)
Dividend income from subsidiaries - unquoted shares	**-**	-	**(70,323)**	(48,936)
Gain on disposal of property, plant and equipment	**(125)**	(12,885)	**-**	-
Insurance claim received	**(275)**	(728)	**-**	-
Interest income	**(1,124)**	(906)	**(28)**	(46)
Plantation management fee income	**(670)**	(571)	**-**	-
Expenses/(income) arising from leases				
Expenses relating to short term leases	**3,701**	4,547	**17**	34
Lease income from properties	**(380)**	(294)	**-**	-
Hiring income	**(378)**	(264)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

16. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors of the Company:				
- Fees	**808**	672	**805**	648
- Remuneration	**3,543**	2,889	**1,301**	1,231
- Other short term employee benefits*	**71**	56	**-**	-
	4,422	3,617	**2,106**	1,879
Directors of subsidiaries:				
- Fees	**2**	24	**-**	-
	2	24	**-**	-
	4,424	3,641	**2,106**	1,879
Other key management personnel:				
- Remuneration	**9,472**	8,345	**-**	-
- Other short term employee benefits*	**351**	341	**-**	-
	9,823	8,686	**-**	-

* *Including estimated monetary value of benefits-in-kind.*

Other key management personnel comprise persons other than the Directors of the Group entities having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

17. TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	**2021 RM'000**	2020 RM'000
Current tax expense				
- Current year provisions	**67,030**	29,754	**6**	10
- Over provision in prior years	**(6,478)**	(505)	**(1)**	-
Total current tax recognised in profit or loss	**60,552**	29,249	**5**	10
Deferred tax expense				
- Origination and reversal of temporary differences	**3,095**	(11,614)	**1**	(5)
- Under provision in prior years	**2,590**	469	**-**	-
Total deferred tax recognised in profit or loss	**5,685**	(11,145)	**1**	(5)
Total income tax expense	**66,237**	18,104	**6**	5
Reconciliation of tax expense				
Profit before tax	**290,260**	108,400	**68,962**	41,023
Tax calculated using Malaysian tax rate of 24% (2020: 24%)	**69,662**	26,016	**16,551**	9,846
Effect of gain taxed at Real Property Gains Tax rate	**-**	(10,518)	**-**	-
Non-deductible expenses	**2,504**	2,598	**911**	2,175
Non-taxable income	**(1,521)**	(1,182)	**(17,455)**	(12,016)
Deferred tax assets not recognised during the year	**-**	1,226	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(520)**	-	**-**	-
	70,125	18,140	**7**	5
Over provision of current tax expense in prior years	**(6,478)**	(505)	**(1)**	-
Under provision of deferred tax expense in prior years	**2,590**	469	**-**	-
	66,237	18,104	**6**	5

NOTES TO THE FINANCIAL STATEMENTS

18. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	**2020**
Profit attributable to owners of the Company (RM'000)	**224,023**	90,296
Weighted average number of ordinary shares ('000)		
Issued ordinary shares net of treasury shares at 1 January/ Weighted average number of ordinary shares at 31 December	**799,685**	799,685
Basic earnings per ordinary share (sen)	**28.01**	11.29

19. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2021			
Second interim 2020 ordinary	**5.5**	**43,983**	**24 March 2021**
First interim 2021 ordinary	**1.5**	**11,995**	**22 September 2021**
Total amount	**7.0**	**55,978**	
2020			
Second interim 2019 ordinary	2.0	15,994	24 March 2020
First interim 2020 ordinary	1.5	11,995	24 September 2020
Total amount	3.5	27,989	

All the dividends are tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967.

On 23 February 2022, the Board of Directors approved a second interim dividend of 15.5 sen per ordinary share under the single-tier system in respect of the financial year ended 31 December 2021, amounting to a total of RM123,951,205 and was paid on 23 March 2022. The financial statements for the current financial year do not reflect this dividend and it will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2021.

20. CAPITAL COMMITMENTS

	Group	
	2021 RM'000	2020 RM'000
Capital expenditure commitments		
Contracted but not provided for		
Property, plant and equipment	**20,416**	25,053

21. SEGMENTAL REPORTING

Segment assets, segment liabilities, segment operating results and revenues from external customers by product information

The Group has only one reportable segment. All information on segment assets, segment liabilities and segment operating results can be directly obtained from the statement of financial position and statement of profit or loss and other comprehensive income. The total revenue is derived primarily from external customers.

Geographical area information

The following information is based on geographical location of customer:

	Group	
	2021 RM'000	2020 RM'000
Revenue		
Malaysia	**670,851**	432,816
Singapore	**-**	34,779
	670,851	467,595

The Group's non-current assets are located wholly in Malaysia.

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Group	
	2021 RM'000	2020 RM'000
Customer A - All common control companies	**162,718**	110,472
Customer B	**125,335**	117,547
Customer C	**326,653**	156,056

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ["AC"]; and
(b) Fair value through profit or loss ["FVTPL"].

	Group			Company		
	Carrying amount RM'000	**FVTPL RM'000**	**AC RM'000**	**Carrying amount RM'000**	**FVTPL RM'000**	**AC RM'000**
2021						
Financial assets						
Receivables	**13,535**	**-**	**13,535**	**50,959**	**-**	**50,959**
Money market deposits	**296,637**	**296,637**	**-**	**82,251**	**82,251**	**-**
Cash and cash equivalents	**121,040**	**-**	**121,040**	**836**	**-**	**836**
	431,212	**296,637**	**134,575**	**134,046**	**82,251**	**51,795**
Financial liabilities						
Payables	**(51,777)**	**-**	**(51,777)**	**(1,287)**	**-**	**(1,287)**
2020						
Financial assets						
Receivables	31,368	-	31,368	50,122	-	50,122
Money market deposits	195,322	195,322	-	72,292	72,292	-
Cash and cash equivalents	63,655	-	63,655	69	-	69
	290,345	195,322	95,023	122,483	72,292	50,191
Financial liabilities						
Payables	(33,230)	-	(33,230)	(1,421)	-	(1,421)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.2 Net gains arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gains on financial assets at:				
Amortised cost	**1,124**	906	**28**	46
Fair value through profit or loss	**4,739**	3,417	**958**	1,115
	5,863	4,323	**986**	1,161

22.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to certain subsidiaries.

Trade receivables from contract with customers

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on potential customers before entering into any contracts.

At each reporting date, the Group or the Company assesses whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Trade receivables from contract with customers (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2021 RM'000	**2020 RM'000**
Malaysia	**10,555**	29,572

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit period. The Group's debt recovery process is whereby above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team.

As there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Inter-company advances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have low credit risk.

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk for subsidiaries' advances as at 31 December 2021.

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
Company			
2021			
Low credit risk	**50,957**	**-**	**50,957**
2020			
Low credit risk	50,119	-	50,119

The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances are repayable on demand. There was no indication that the advances to the subsidiaries are not recoverable.

Cash and cash equivalents and money market deposits

The cash and cash equivalents and money market deposits are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2021							
Group							
Non-derivative financial liabilities							
Payables	**51,777**	**-**	**51,777**	**51,777**	**-**	**-**	**-**
Lease liabilities	**49,486**	**3.01 - 4.65**	**100,538**	**8,390**	**6,798**	**9,600**	**75,750**
Company							
Non-derivative financial liabilities							
Payables	**1,287**	**-**	**1,287**	**1,287**	**-**	**-**	**-**
Lease liabilities	**28**	**3.01**	**28**	**14**	**14**	**-**	**-**
2020							
Group							
Non-derivative financial liabilities							
Payables	33,230	-	33,230	33,230	-	-	-
Lease liabilities	55,215	3.80 - 4.65	108,103	11,875	7,368	11,310	77,550
Company							
Non-derivative financial liabilities							
Payables	1,421	-	1,421	1,421	-	-	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and money market deposits price that will affect the Group's financial position or cash flows.

22.6.1 Interest rate risk

The Group exposure to market risk for changes in interest rates relates primarily to fixed deposits with licensed banks.

Risk management objectives, policies and processes for managing the risk

The Group places excess funds with reputable licensed banks to generate interest income for the Group. The Group manages its fixed deposits interest rate by placing such balances on varying maturities and interest rate terms.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument, based on carrying amounts as at the end of the reporting period was:

	Group	
	2021 RM'000	**2020 RM'000**
Fixed rate instruments		
Financial assets	**59,000**	39,910

Interest rate risk sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

22.6.2 Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily US Dollar ["USD"].

22.6.3 Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its placement in money market deposits. This instrument is classified as financial assets at fair value through profit or loss.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.3 Market price risk (continued)

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies.

Market price risk sensitivity analysis

At the reporting date, had the market price of this instrument been 1% higher/lower, with all other variables held constant, the profit or loss would have increased/(decreased) by RM1,493,000 (2020: RM591,000) for the Group and RM617,000 (2020: RM208,000) for the Company as a result of changes in the fair value of this instrument classified as financial assets at fair value through profit or loss.

22.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value Level 2 RM'000	Total fair value RM'000	Carrying amount RM'000
2021			
Group			
Financial assets			
Money market deposits	**296,637**	**296,637**	**296,637**
Company			
Financial assets			
Money market deposits	**82,251**	**82,251**	**82,251**
2020			
Group			
Financial assets			
Money market deposits	195,322	195,322	195,322
Company			
Financial assets			
Money market deposits	72,292	72,292	72,292

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value of financial instruments (continued)

Level 2 fair value

The fair value of money market deposits is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year.

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor the adequacy of capital on an ongoing basis. There was no change in the Group's approach to capital management during the financial year.

24. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its related companies, subsidiaries and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

24. RELATED PARTIES (CONTINUED)

Significant related party transactions

Related party transactions except for dividend received and disposal of property, plant and equipment have been entered into in the normal course of business. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 16), are shown below. The balances related to the below transactions are disclosed in Notes 7 and 12.

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Firm in which Datuk Simon Shim Kong Yip, JP,				
a Director of the Company, has interest: Shim Pang & Co				
Legal fee	**-**	(30)	**-**	-
Firm connected to Datuk Edward Lee Ming Foo, JP,				
a Director of the Company: Corporated International Consultants				
Engineering consultancy fee	**-**	(13)	**-**	-
Company connected to Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak,				
a major shareholder of the immediate holding company: Lei Shing Hong Limited Group				
Purchase of motor vehicles and spare parts	**-**	(31)	**-**	-
Rental expenses	**-**	(16)	**-**	(16)
Rental of commercial vehicles	**(6,166)**	(6,414)	**-**	-
Subsidiaries				
Dividend received	**-**	-	**70,323**	48,936

24. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Related companies				
Blasting and crushing of rock aggregates	**(6,632)**	(4,047)	**-**	-
Hire of motor vehicles	**(108)**	(89)	**-**	-
Hiring income	**378**	264	**-**	-
Insurance expenses	**(2,703)**	(2,509)	**(33)**	(29)
Management fees	**(4,327)**	(4,074)	**(97)**	(95)
Plantation management fee income	**413**	314	**-**	-
Purchase of building materials	**(3,451)**	(2,829)	**-**	-
Purchase of diesel, petrol and lubricant	**(18,216)**	(15,037)	**-**	-
Purchase of fertilizers and chemicals	**(53,524)**	(39,313)	**-**	-
Purchase of fresh fruit bunches	**(10,335)**	(4,873)	**-**	-
Purchase of stones and sand	**(3,961)**	(5,933)	**-**	-
Purchase of tyre and tube	**(3,464)**	(727)	**-**	-
Purchase of used commercial vehicles	**(45)**	-	**-**	(545)
Purchase of vehicles and spare parts	**(3,763)**	(3,571)	**(17)**	(18)
Rental expenses	**(374)**	(369)	**-**	-
Rental income	**4**	6	**-**	-
Rental of commercial vehicles	**(4,446)**	(3,892)	**-**	-
Rental of photocopier machine	**(3)**	-	**-**	-
Rental of skid tank	**(7)**	-	**-**	-
Disposal of property, plant and equipment	**-**	75,987	**-**	-
Sales of used vehicles	**45**	1,587	**-**	566
Utilities charges expenditure	**(3)**	-	**-**	-
Utilities charges income	**1**	1	**-**	-
Associate of immediate holding company				
Plantation management fee income	**257**	257	**-**	-

Related companies in these financial statements refer to Gek Poh (Holdings) Sdn. Bhd. group of companies.

25. MATERIAL LITIGATIONS

(a) Hap Seng Plantations (River Estates) Sdn. Bhd. ["RESB"], the wholly-owned subsidiary of the Company, is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn. Bhd. ["EISB"] as the purported purchaser ["Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ["Alleged PA"]. On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

On 23 May 2012, RESB commenced a legal suit ["KL RESB Suit"] vide a writ of summon at Kuala Lumpur High Court ["KLHC"] against EISB ["1st Defendant"] and HCH was added as the second defendant ["2nd Defendant"] to the KL RESB Suit on 16 June 2012.

On 10 August 2012, upon the 1st Defendant's application, the KL RESB Suit was transferred to the High Court of Sabah and Sarawak at Kota Kinabalu ["KKHC"]. On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1st and 2nd Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"].

RESB is claiming for the following in the KK RESB Suit:

(i) That RESB be declared as the registered and beneficial owner of the said Land;
(ii) That the Purported SPA be declared null and void;
(iii) That the Alleged PA be declared null and void;
(iv) An injunction restraining the 1st Defendant from:-
    (a) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
    (b) taking any actions to fulfill the terms and conditions in the Purported SPA; and
    (c) taking any further action to complete the Purported SPA.
(v) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
(vi) Costs of the KK RESB Suit; and
(vii) Such further or other relief as the Court deems fit and just.

Pending disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above ["KK Interlocutory Injunction"].

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019, 8 March 2019, 19 September 2019, 7 February 2020 and 20 to 23 December 2021. The Consolidated RESB Suit has been fixed for continued hearing on 18 April 2022.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the Consolidated RESB Suit.

25. MATERIAL LITIGATIONS (CONTINUED)

(b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in the KKHC vide originating summon no. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "KK Suit"].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 ["Alleged Deed of Substitute"] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:

(i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
(ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
(iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
(iv) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC's rights thereon;
(v) costs of the KK Suit; and
(vi) such further or other relief as the Court deems fit and just.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"].

The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019, 8 March 2019, 19 September 2019, 7 February 2020 and 20 to 23 December 2021. The Consolidated RESB Suit has been fixed for continued hearing on 18 April 2022.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the Consolidated RESB Suit.

26. CONTINGENT LIABILITY - UNSECURED

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concern.

NOTES TO THE FINANCIAL STATEMENTS

27. SIGNIFICANT EVENT DURING THE YEAR

As announced on 24 November 2021 ["said date"], Hap Seng Plantations (Ladang Kawa) Sdn. Bhd. ["HSP (LK)"], a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement on even date to dispose of the following seven (7) parcels of agricultural land planted with oil palm trees thereon situated at Jalan Muul Hill, off Jalan Bukit Kawa, Off Km 35, Jalan Tawau-Kunak-Lahad Datu Highway, 91000 Tawau, Sabah together with buildings, main structures and infrastructures erected thereon to Future Golden Development Sdn. Bhd. [the "Purchaser"], a wholly-owned subsidiary of Hap Seng Consolidated Berhad ["HSCB"], for a cash consideration of RM84,925,000.00 ["Proposed HSP (LK) Disposal"]:-

No.	Title Number	Approximate Area (Hectares)
1.	CL 105315955	90.312
2.	CL 105320161	194.067
3.	CL 105315900	87.009
4.	CL 105316032	39.696
5.	CL 105342550	12.100
6.	CL 105351915	180.777
7.	CL 105342532	19.798
	Total	**623.759**

The Proposed HSP (LK) Disposal was deemed a related party transaction. As at the said date, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] was a director and a 56.00% major shareholder of Gek Poh (Holdings) Sdn. Bhd. ["Gek Poh"]. Gek Poh was the holding company of HSCB with an aggregate shareholding of 62.64%, comprising 54.63% direct shareholding and 8.01% indirect shareholding through Hap Seng Insurance Services Sdn. Bhd. ["HSIS"], a wholly-owned subsidiary of Gek Poh. HSCB was a major shareholder holding 598,889,400 shares constituting 74.89% of shareholding in the Company. Hence, Tan Sri Lau, Gek Poh, HSIS and HSCB were deemed interested in the Proposed HSP (LK) Disposal.

As at the said date, Datuk Edward Lee Ming Foo was the managing director of the Company, HSCB and Gek Poh. Mr Lee Wee Yong was an executive director of the Company and HSCB as well as a director of Gek Poh. Ms Cheah Yee Leng was an executive director of both the Company and HSCB. Premised on the aforesaid, they were deemed interested in the Proposed HSP (LK) Disposal. As such, they had abstained from all board deliberations and voting in respect of the Proposed HSP (LK) Disposal.

As at the said date, Datuk Simon Shim Kong Yip was a non-independent non-executive deputy chairman of the Company and a non-independent non-executive director of the HSCB. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company and HSCB, he was deemed interested in the Proposed HSP (LK) Disposal. As such, he had abstained from all board deliberations and voting in respect of the Proposed HSP (LK) Disposal.

The Proposed HSP (LK) Disposal was completed on 24 January 2022 with the purchase consideration paid in full by the Purchaser resulting in a gain of approximately RM18.8 million to the Group.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 70 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Edward Lee Ming Foo, JP
Director

Au Yong Siew Fah
Director

Kuala Lumpur

15 April 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Lee Wee Yong**, the Director primarily responsible for the financial management of Hap Seng Plantations Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 70 to 124 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Lee Wee Yong, MIA CA 7492 in Kuala Lumpur on 15 April 2022.

Lee Wee Yong

Before me:
AMIR BIN ISMAIL
(W 800)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAP SENG PLANTATIONS HOLDINGS BERHAD

Registration No. 200701011957 (769962-K) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hap Seng Plantations Holdings Berhad, which comprise the statements of financial position as at 31 December 2021, of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board fo*r Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Impairment on property, plant and equipment

Refer to Note 2 – Significant accounting policy: Property, plant and equipment, Note 3 – Property, plant and equipment.

The Group is required to perform impairment assessment of its cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount.

As at 31 December 2021, the Group's net assets exceeds its market capitalization, thereby indicating potential impairment of the Group's non-current assets. Accordingly, the Group estimated the recoverable amount of the property, plant and equipment including bearer plants involving an independent external valuer.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HAP SENG PLANTATIONS HOLDINGS BERHAD
Registration No. 200701011957 (769962-K) (Incorporated in Malaysia)

Key Audit Matters (continued)

1 Impairment on property, plant and equipment (continued)

The professional valuer has applied two approaches in estimating the recoverable amount, which are value in use based on discounted cash flow for assets which are in optimal yield and production whilst for those assets not in optimal yield and production, the comparison method is adopted. Comparison method is using sales transactions values for similar assets as a comparison.

We focused on this area as a key audit matter due to the degree of Group's judgement involved and assumptions of future events that are inherently uncertain.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- Evaluated the qualifications, competence and objectivity of the external valuer engaged by the Group by considering the valuer's membership of a professional body, the number of years in practice and performed inquiry of the independence of the external valuer.
- Read the valuer's reports and discussed the reports with the valuer to assess the valuation methods against those applied for similar assets and industry.
- Evaluated the sales transactions values used by the valuer by comparing them against selling prices of similar assets from external market information.
- We considered the adequacy of the Group's disclosures of valuation techniques.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HAP SENG PLANTATIONS HOLDINGS BERHAD
Registration No. 200701011957 (769962-K) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 03102/03/2024 J
Chartered Accountant

Kota Kinabalu

15 April 2022

ADDITIONAL INFORMATION

1. The following additional information are provided in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

(i) STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not have any corporate proposals during the financial year.

(ii) MATERIAL CONTRACT

Material contracts of the Company's subsidiary involving directors' and major shareholders' interest are disclosed in Note 27 to the Financial Statements.

Other than that disclosed in Note 27, there was no other material contract of the Company and its subsidiaries involving the interests of the directors, chief executive who is not a director or major shareholders, subsisting as at 31 December 2021, and/or entered into since 31 December 2020.

(iii) RECURRENT RELATED PARTY TRASACTIONS

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the recurrent related party transactions of a revenue or trading in nature which were entered into by the Company and its subsidiaries with the related parties during the financial year ended 31 December 2021 are as disclosed in Note 24 to the Financial Statements.

The Company will be seeking new and/or renewed shareholders' mandate for recurrent related party transactions at the annual general meeting to be convened on 25 May 2022.

ADDITIONAL INFORMATION

2. OTHERS

In its approval letter dated 23 July 2007 approving the initial public offering of the Company, the Securities Commission ["SC"] requires, inter alia, the Company to resolve the issue on the requirement to transfer 30% of Litang Estate/equity in Hap Seng Plantations (Wecan) Sdn Bhd to natives within the time period stipulated therein ["SC Condition"].

SC had via its letter dated 3 September 2012 resolved not to impose time stipulation on the Company to resolve the issue on SC Condition. However, the Company is to continue to pursue the matter with the relevant authority subject to the following:

(a) the Company is to disclose the efforts taken and the status of the compliance with the Litang Estate Condition in the annual report until such time the condition is fulfilled;

(b) the Company and/or CIMB Investment Bank Berhad ["CIMB"] is/are to make quarterly announcements to Bursa Malaysia Securities Berhad until such time the condition is fulfilled; and

(c) the Company and/or CIMB is/are to update the SC when such disclosure is made in the annual report.

It is a condition of the Litang Estate that "Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein except as provided above".

As announced on 31 July 2017, the Land and Survey Department in Kota Kinabalu had granted a further extension of time to July 2022 ["said Extension"] for the transfer of 30% of the undivided share of the Litang Estate or 30% equity in Hap Seng Plantations (Wecan) Sdn Bhd, the wholly-owned subsidiary of the Company to natives.

To the best of the Company's knowledge, the said Extension was granted on the basis that frequent floods had hindered the full development or planting up of the Litang Estate in accordance with the title conditions.

As part of its effort to comply with the SC Condition, the Company has taken the following steps to fully develop the Litang Estate:

(a) constructing of a drain for every 4 rows of palms;
(b) regular de-silting of drains in and around the affected region;
(c) protect and maintain riparian reserves to prevent and reduce the rate of siltation of drains and rivers through soil erosion;
(d) re-supply palms killed after every flood event until such time the palms are able to survive through the floods;
(e) specially formulated fertilizer recommendations provided to affected areas; and
(f) palms planted on platforms for lower lying areas.

PARTICULARS OF GROUP'S PROPERTIES

Location	Area (hectares)	Description	Date of revaluation	Tenure	Year of expiry	Approximate age of buildings (years)	Carrying amount at 31/12/2021 RM'000
SABAH							
KINABATANGAN, LAHAD DATU							
Tomanggong Estate	4,890	Oil palm plantation and buildings Tomanggong Palm Oil Mill	January 2017	Leasehold 99 years/ 999 years	2067/2094/ 2894	2 - 53	
Tabin Estate	3,055	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076/ 2093/2096/ 2097/2098	2 - 36	
Tagas Estate	2,010	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076	1 - 45	
Litang Estate	1,571	Oil palm plantation and buildings	January 2017	Leasehold 99 years/ 999 years	2076/2091/ 2887/2900	3 - 36	864,125
Sungai Segama Estate	5,174	Oil palm plantation and buildings Plantation Central Office and Clubhouse	January 2017	Leasehold 99 years	2089	1 - 26	
Bukit Mas Estate	4,733	Oil palm plantation and buildings Bukit Mas Palm Oil Mill	January 2017	Leasehold 99 years/ 999 years	2089/2887	3 - 26	
Wecan Estate	1,078	Oil palm plantation	January 2017	Leasehold 99 years	2084	-	49,236
Tampilit Estate	202	Oil palm plantation	January 2017	Leasehold 99 years	2084	-	6,654

PARTICULARS OF GROUP'S PROPERTIES

Location	Area (hectares)	Description	Date of revaluation	Tenure	Year of expiry	Approximate age of buildings (years)	Carrying amount at 31/12/2021 RM'000
SABAH							
KINABATANGAN, LAHAD DATU (CONTINUED)							
Batangan Estate	3,633	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	3 - 39	
Lutong Estate	2,448	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078/2098/ 2099	6 - 30	
Lokan Estate	3,155	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	1 - 25	556,027
Kapis Estate	2,681	Oil palm plantation and buildings Jeroco Palm Oil Mill I and II	January 2017	Leasehold 99 years	2078	2 - 35	
Lungmanis Estate	2,200	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	6 - 24	
TAWAU							
Muul Hill Estate	724	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2062/2063/ 2065/2068/ 2071/2072/ 2073	3 - 39	75,250
KOTA MARUDU							
Pelipikan Estate, Kg Natu	808*	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2101/2102	3 - 22	30,378
Pelipikan Estate, Kg Natu	1,365	Oil palm plantation	January 2017	Leasehold 30 years	2039	-	69,890
Total	**39,727**						**1,651,560**

* *Including 200 acres (81 hectares) of land adjoining to the existing land of which the land title is currently under application.*

PLANTATION STATISTICS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2021	**2020**	**2019**	**2018**	**2017**
CROP PRODUCTION - TONNES					
FFB	**593,279**	637,131	675,587	657,259	655,957
PROCESSED - TONNES					
FFB - own	**575,440**	623,169	659,427	640,737	640,507
FFB - purchased	**76,465**	79,106	66,356	80,746	85,006
Palm Oil	**133,284**	144,977	152,017	148,651	150,695
Palm Kernel	**30,286**	33,594	35,402	34,802	35,183
EXTRACTION RATE - %					
Palm Oil	**20.45**	20.64	20.95	20.60	20.77
Palm Kernel	**4.65**	4.78	4.88	4.82	4.85
MATURE AREA - HECTARES					
Oil Palm					
30 months to 7 years	**4,933**	5,040	4,340	4,491	5,615
> 7 years to 17 years	**10,279**	10,196	9,794	8,522	6,839
> 17 years onwards	**17,224**	17,050	18,324	19,125	19,569
Total mature area	**32,436**	32,286	32,458	32,138	32,023
AVERAGE YIELD - TONNES/ HECTARE					
FFB yield per mature hectare	**18.29**	19.73	20.81	20.45	20.48
Oil per mature hectare	**3.74**	4.07	4.36	4.21	4.25
AVERAGE SELLING PRICE RM/TONNE					
FFB	**856**	510	371	396	536
Palm Oil	**4,432**	2,788	2,143	2,300	2,885
Palm Kernel	**2,952**	1,681	1,311	1,825	2,560
TAXES APPLICABLE TO PLANTATION INDUSTRY					
RM'000					
MPOB cess	**2,099**	2,030	1,984	1,948	1,962
Sabah sales tax	**41,995**	30,026	27,163	23,207	32,609
Windfall tax	**12,995**	850	-	-	329
Total taxes paid	**57,089**	32,906	29,147	25,155	34,900

PLANTATION STATISTICS

AREA SUMMARY (HECTARES) AS AT 31 DECEMBER 2021

	River Estates Group	Jeroco Group	* Kota Marudu	Pelipikan	Total
Oil Palm					
Mature	18,900	12,048	585	903	32,436
Immature	2,324	674	-	-	2,998
Total Oil Palm	21,224	12,722	585	903	35,434
Other crops	60	86	-	-	146
Total planted area	21,284	12,808	585	903	35,580
Reserve plantable	27	5	81	-	113
Building, road, reserves, etc	2,126	1,304	142	462	4,034
Total	**23,437**	**14,117**	**808**	**1,365**	**39,727**

Conversion rate : 1 hectare = 2.4710 acres

* Including 200 acres (81 hectares) of land adjoining to the existing land of which the land title is currently under application.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

Total number of issued shares	:	800,000,000 (including 314,800 treasury shares)
Class of shares	:	ordinary share
Voting rights	:	one vote per ordinary share
Number of shareholders	:	9,294

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	*No. of Shares Held	% of Issued Shares
1 to 99	129	1.39	2,467	#
100 to 1,000	2,574	27.70	1,944,026	0.25
1,001 to 10,000	5,003	53.83	22,009,376	2.75
10,001 to 100,000	1,336	14.37	40,560,796	5.07
100,001 to less than 5% of issued shares	251	2.70	162,825,435	20.36
5% & above of issued shares	1	0.01	572,343,100	71.57
Total	**9,294**	**100.00**	**799,685,200**	**100.00**

* The number of 799,685,200 ordinary shares which was arrived at after deducting 314,800 treasury shares held by the Company from its issued shares of 800,000,000 ordinary shares.

\# Negligible

LIST OF 30 LARGEST SHAREHOLDERS

No.		Shareholding	%(3)
1.	Hap Seng Consolidated Berhad	572,343,100	71.57
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	21,781,200	2.72
3.	John Chia Sin Tet	9,710,000	1.21
4.	Amanahraya Trustees Berhad -Amanah Saham Malaysia 2 - Wawasan	8,279,900	1.04
5.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund	7,220,700	0.90
6.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Growth Fund	5,564,900	0.70
7.	Chinchoo Investment Sdn. Berhad	5,499,900	0.69
8.	Key Development Sdn. Berhad	4,282,200	0.54
9.	Gan Teng Siew Realty Sdn. Berhad	3,143,066	0.39
10	Tokio Marine Life Insurance Malaysia Bhd - As Beneficial Owner (PF)	2,810,000	0.35
11.	Amanahraya Trustees Berhad - Public Select Treasures Equity Fund	2,215,000	0.28
12.	CIMB Islamic Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	2,060,400	0.26

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

No.		Shareholding	%[3]
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	2,000,000	0.25
14.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Affin Hwang Select Asia (Ex Japan) Quantum Fund (4579)	1,994,100	0.25
15.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG	1,938,700	0.24
16.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)	1,753,000	0.22
17.	HSBC Nominees (Tempatan) Sdn Bhd - Exempt An For Credit Suisse (SG BR-TST-TEMP)	1,649,100	0.21
18.	Cartaban Nominees (Tempatan) Sdn Bhd - CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2	1,641,700	0.21
19.	Maybank Nominees (Tempatan) Sdn Bhd - National Trust Fund (IFM Kenanga) (410196)	1,557,000	0.19
20.	Maybank Nominees (Tempatan) Sdn Bhd - National Trust Fund (IFM Eastspring) (410140)	1,541,300	0.19
21.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	1,437,800	0.18
22.	Citigroup Nominees (Tempatan) Sdn Bhd - Urusharta Jamaah Sdn. Bhd. (Affin 2)	1,411,600	0.18
23.	Mikdavid Sdn Bhd	1,352,000	0.17
24.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Malaysian Inc Fund	1,351,400	0.17
25.	Amanah Raya Berhad - Kumpulan Wang Bersama	1,300,000	0.16
26.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Kenanga Syariahextra Fund (N14011960240)	1,267,400	0.16
27.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	1,200,000	0.15
28.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)	1,198,800	0.15
29.	Maybank Nominees (Tempatan) Sdn Bhd - Mtrustee Bhd for Aiiman TNB RBTF (EQ) (433139)	1,092,000	0.14
30.	HSBC Nominees (Tempatan) Sdn Bhd - BQ Pictet and CIE for Permodalan Nasional Berhad	1,056,700	0.13
	Total	**671,652,966**	**84.00**

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

SUBSTANTIAL SHAREHOLDERS

	Direct Shareholding		Indirect Shareholding	
	No. of Shares	% [3]	No. of Shares	% [3]
Hap Seng Consolidated Berhad	572,343,100	71.57	-	-
Gek Poh (Holdings) Sdn Bhd	-	-	572,343,100[1]	71.57
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	-	-	572,343,100[2]	71.57

Notes:
(1) Deemed interest by virtue of its substantial interest in Hap Seng Consolidated Berhad pursuant to section 8 of the Companies Act 2016 (the "Act").
(2) Deemed interest by virtue of his substantial interest in Gek Poh (Holdings) Sdn Bhd pursuant to section 8 of the Act.
(3) For purpose of computing the percentage of shareholding above, the number of ordinary shares used was 799,685,200 which was arrived at after deducting 314,800 treasury shares held by the Company from its issued shares of 800,000,000 ordinary shares.

DIRECTORS' SHAREHOLDINGS

AS AT 31 MARCH 2022

Company	Direct Shareholding No. of Shares	Direct Shareholding % [1]	Indirect Shareholding No. of Shares	Indirect Shareholding % [1]
Hap Seng Plantations Holdings Berhad ("HSP")				
Datuk Simon Shim Kong Yip, JP	180,000	0.023	-	-
Au Yong Siew Fah	180,000	0.023	-	-
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP	1,000	#	-	-

Related Corporation	Direct Shareholding No. of Shares	Direct Shareholding % [2]	Indirect Shareholding No. of Shares	Indirect Shareholding % [2]
Hap Seng Consolidated Berhad ("HSCB")				
Au Yong Siew Fah	291,600	0.012	-	-

Notes:

(1) For purpose of computing the percentage of HSP shareholding above, the number of ordinary shares used was 799,685,200 which was arrived at after deducting 314,800 treasury shares held by the Company from its issued shares of 800,000,000 ordinary shares.

(2) For purpose of computing the percentage of HSCB shareholding above, the number of ordinary shares used was 2,489,669,583 which was arrived at after deducting 12,000 treasury shares held by HSCB from its issued shares of 2,489,681,583 ordinary shares.

Negligible

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 15th annual general meeting of Hap Seng Plantations Holdings Berhad will be conducted by way of a fully virtual meeting with its broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 25 May 2022 at 10am to transact the following:-

AGENDA

ORDINARY BUSINESS

1. To table the audited financial statements for the financial year ended 31 December 2021 together with the reports of directors and auditors. Note 1

To consider and if thought fit, to pass the following ordinary resolutions:-

2. To re-elect the following directors who shall retire by rotation in accordance with clause 116 of the Company's constitution and being eligible, have offered themselves for re-election: - Notes 2 & 4

   (a) Dato' Mohammed Bin Haji Che Hussein **Ordinary Resolution 1**

   (b) Mr. Lee Wee Yong **Ordinary Resolution 2**

   (c) Tan Sri Amirsham Bin A Aziz **Ordinary Resolution 3**

   (d) Mr. Andrew John Barber **Ordinary Resolution 4**

3. To re-elect Datuk Hamisa Binti Samat who shall retire in accordance with clause 122 of the Company's constitution and being eligible, has offered herself for re-election. Notes 3 & 4 **Ordinary Resolution 5**

4. To approve payment of directors' fees of the Company and its subsidiaries amounting to RM810,260.00 for the financial year ended 31 December 2021. Note 5 **Ordinary Resolution 6**

5. To reappoint Messrs KPMG PLT as auditors of the Company to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the directors of the Company. Note 6 **Ordinary Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. **Authority to allot shares pursuant to section 75 of the Companies Act 2016**

   "That subject always to the approvals of the relevant authorities, the directors of the Company be and are hereby empowered pursuant to section 75 of the Companies Act 2016 to allot shares in the Company at any time upon such terms and conditions, and for such purposes as the directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." Note 7 **Ordinary Resolution 8**

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"That subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A, section 2.3 of the Circular/Statement to shareholders dated 27 April 2022, which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business, at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

That such approval shall continue to be in force until:-

(a) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse, unless renewed by a resolution passed at the annual general meeting; or
(b) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or
(c) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever is the earlier;

and that the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the proposed renewal of and new shareholders' mandate." Note 8 **Ordinary Resolution 9**

8. **Proposed renewal of share buy-back authority**

"That subject always to section 127 of the Companies Act 2016, the Company's constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and the approvals of all relevant governmental and/or regulatory authorities, the directors of the Company be and are hereby authorised to purchase ordinary shares in the Company through Bursa Malaysia Securities Berhad, provided that:-

(a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company;
(b) the maximum funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, based on the Company's audited financial statements for the financial year ended 31 December 2021; and

(c) the authority conferred by this resolution shall continue to be in force until:-

(1) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse, unless renewed by the passing of a resolution at that meeting, either unconditionally or subject to conditions; or
(2) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or
(3) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first;

and that the directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or
(ii) retain part thereof as treasury shares and cancel the remainder; and/or
(iii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities Berhad; and/or
(iv) transfer the treasury shares or any of the said shares as purchase consideration; and/or
(v) in any other manner as prescribed by section 127(7) of the Companies Act 2016,

and further that the directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares." Note 9 **Ordinary Resolution 10**

9. **Proposed amendment to the constitution of the Company**

"That the proposed amendment to the constitution of the Company as set out in Appendix A be and is hereby approved." Note 10 **Special Resolution**

By order of the Board

Cheah Yee Leng (LS 0009398)
SSM Practising Certificate No. 202008000771
Lim Guan Nee (MAICSA 7009321)
SSM Practising Certificate No. 202008003410
Company Secretaries

Kuala Lumpur
27 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes to the Agenda:-

1. *Pursuant to section 340(1) and (2) of the Companies Act 2016 ("Act"), the directors shall lay before the Company at its annual general meeting ("AGM") its audited financial statements made up to a date not more than 6 months before the date of the AGM. This agenda 1 is meant for discussion only and will not be put forward for voting.*

2. *Pursuant to clause 116 of the Company's constitution, at least one-third of the directors of the Company for the time being shall retire from office at every AGM and be eligible for re-election.*

3. *Pursuant to clause 122 of the Company's constitution and paragraph 7.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any director so appointed, either to fill a casual vacancy or as an addition to the board of directors, shall hold office until the next AGM of the Company, and shall then be eligible for re-election.*

4. *The nominating committee conducted directors' self and peer assessment as well as independence of the independent director to evaluate and determine the respective performance and eligibility of each of the directors who are to retire in accordance with clauses 116 and 122 of the Company's constitution to stand for re-election. In their evaluation, the nominating committee took into account the skills, experience, integrity, tenure, competency, commitment and contribution of the respective director. Upon due deliberation, the nominating committee concluded that each such retiring director has performed to the expectation of the committee as well as satisfied the independence requirements. Accordingly, the board approved of the recommendations of the nominating committee, namely such retiring directors are eligible to stand for re-election during the AGM.*

5. *Pursuant to section 230(1) of the Act, the Company shall at every AGM approve of the fees payable to the directors of the Company and its subsidiaries. The remuneration committee is responsible for conducting a regular review of the fees payable to non-executive directors and members of the board committees. This is to ensure that the chair, deputy chair and non-executive members of the board and the chair and members of the respective board committee are appropriately remunerated in line with the market benchmarking.*

   The last increase in fees payable to the chair, deputy chair and non-executive members of the board and the chair and members of the respective board committee was approved by shareholders of Company during the 11th AGM held on 28 May 2018. Based on the recommendations of the remuneration committee, the board had approved of the following proposed revised fees with effect from 1 January 2021 subject to shareholders' approval to be obtained during the forthcoming AGM:-

	Chairman	Deputy chairman	Non-executive director	Audit committee chairman	Audit committee member	Remuneration committee chairman	Remuneration committee member	Nominating committee chairman	Nominating committee member
Approved current fees (per annum)	RM120,000	RM90,000	RM70,000	RM10,000	RM10,000	-	-	-	-
Proposed fees to be approved (per annum)	RM140,000	RM105,000	RM80,000	RM15,000	RM12,500	RM7,500	RM6,250	RM7,500	RM6,250

NOTICE OF ANNUAL GENERAL MEETING

6. *Pursuant to section 271(4) and section 273(b) of the Act, the Company shall at every AGM appoint its auditors who shall hold office until the conclusion of the next AGM. The audit committee had assessed the suitability and independence of Messrs KPMG PLT ("KPMG"), the auditors of the Company based on the following criteria:-*

   (a) their performance and quality of work;
   (b) experience and competency of professional staff assigned to the audit;
   (c) adequacy of resources;
   (d) independence throughout the conduct of the audit engagement; and
   (e) level of non-audit services and fees rendered to the Group.

   The audit committee was satisfied with the suitability of KPMG in terms of their audit quality, performance, competency and sufficiency of resources as well as provisions of non-audit services, which did not impair their objectivity and independence as auditors of the Company. The board approved of the audit committee's recommendation for shareholders' approval to be sought at this AGM on the proposed reappointment of KPMG as auditors of the Company.

7. *The proposed resolution 8 is to authorise the Company to allot shares pursuant to section 75 of the Act. This proposed resolution 8, if passed, will empower the directors of the Company to allot ordinary shares in the Company up to 10% of the total number of issued shares of the Company for the time being, subject to compliance with all other regulatory requirement and this authority will enable the Company to finance investment projects, working capital and/or acquisitions by issuing new shares as and when the need arises without delay or incurring costs in convening a separate general meeting. This authority, unless revoked or varied at an earlier general meeting, will expire at the conclusion of the next AGM of the Company.*

   As at the date of this notice of AGM, the Company has not issued any new shares pursuant to the authority granted by the shareholders at the last AGM held on 24 May 2021, which authority shall lapse at the conclusion of this AGM.

8. *The proposed resolution 9 is to authorise the Company and its subsidiaries to enter into recurrent related party transactions ("RRPT") which are necessary for day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not detrimental to the minority shareholders of the Company. This would eliminate the need to make regular announcements to Bursa Malaysia Securities Berhad or convene separate general meetings from time to time to seek shareholders' approval as and when RRPT arise, thereby reducing substantial administrative time and expenses in convening such meetings.*

   Further information on the said RRPT is set out in Part A of the Circular/Statement to shareholders dated 27 April 2022 which is issued together with the Company's Annual Report 2021.

9. *The proposed resolution 10 is to authorise the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of next AGM of the Company. Further information on the proposed renewal of share buy-back authority is set out in Part B of the Circular/Statement to shareholders dated 27 April 2022 which is issued together with the Company's Annual Report 2021.*

10. *The proposed special resolution, if passed, shall cohere the constitution of the Company with the latest amendments made to Malaysian Code on Corporate Governance (as at 28 April 2021) in relation to seek shareholders' approval through a two-tier voting process to retain an independent director beyond the nine-year tenure.*

NOTICE OF ANNUAL GENERAL MEETING

Notes to the notice of AGM:-

1. *The AGM will be conducted by way of a fully virtual meeting through live streaming and online remote voting via the remote participation and electronic voting facilities ("RPEV") which is available on the online portal of Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my. Please follow the procedures provided in the administrative guide for the AGM in order to register, participate and vote remotely via RPEV.*

2. *The chairman of the AGM will be at the broadcast venue in compliance with section 327(2) of the Act. No shareholder/ proxy shall be physically present at the meeting venue.*

3. *A depositor shall not be regarded as a member entitled to participate and vote thereat unless his/her name appears in the register of record of depositors as at 18 May 2022.*

4. *Subject to note 5 below, a member entitled to participate and vote at this AGM is entitled to appoint a proxy or proxies to participate and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. The proxy or proxies need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. Such duly executed instrument appointing a proxy must either be (a) deposited at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.*

STATEMENT ACCOMPANYING NOTICE OF 15TH ANNUAL GENERAL MEETING

(Pursuant to paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of individuals who are standing for election as directors**

   No individual is seeking election as a director at the forthcoming 15th AGM of the Company.

2. **General mandate for issue of securities in accordance to paragraph 6.03(3) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

   The details of general mandate for directors to allot and issue shares in the Company pursuant to section 75 of the Companies Act 2016 are set out in item 7 of explanatory notes of the agenda in the notice of 15th AGM.

Appendix A - Proposed Amendment to the Constitution of the Company

Clause No.	Existing Clause	Proposed Amendment
113	The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a non-independent director. If the Board intends to retain a Director as Independent Director beyond nine (9) years, the Board may justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process. Subject to and in accordance with the provisions of the Act and the Listing Requirements and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to retain a Director as an Independent Director who has served on the Board beyond nine (9) years subject to the Board's justification and seeking annual shareholders' approval. If the Board continues to retain the Director as an Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting: - (a) Tier 1: only the Large Shareholder(s) of the Company votes; and (b) Tier 2: shareholders other than the Large Shareholder(s) votes. For the purposes of this Clause, Large Shareholder means a person who:- (i) is entitled to exercise, or control the exercise of, not less than thirty three per centum (33%) of the voting shares in the Company; (ii) is the largest shareholder of voting shares in the Company; (iii) has the power to appoint or caused to be appointed a majority of the Directors; or	The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a non-independent director. If the Board intends to retain a Director as Independent Director beyond nine (9) years, the Board ~~may justify~~ <u>should provide justification</u> and seek annual shareholders' approval~~. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval~~ through a two-tier voting process. ~~Subject to and in accordance with the provisions of the Act and the Listing Requirements and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to retain a Director as an Independent Director who has served on the Board beyond nine (9) years subject to the Board's justification and seeking annual shareholders' approval. If the Board continues to retain the Director as an Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process.~~ Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:- (a) Tier 1: only the Large Shareholder(s) of the Company votes; and (b) Tier 2: shareholders other than the Large Shareholder(s) votes. For the purposes of this Clause, Large Shareholder means a person who:- (i) is entitled to exercise, or control the exercise of, not less than thirty three per centum (33%) of the voting shares in the Company; (ii) is the largest shareholder of voting shares in the Company; (iii) has the power to appoint or caused to be appointed a majority of the Directors; or

NOTICE OF ANNUAL GENERAL MEETING

Appendix A - Proposed Amendment to the Constitution of the Company (continued)

Clause No.	Existing Clause	Proposed Amendment
113	(iv) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to give effect to. The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting. If the resolution is defeated or deemed defeated, the said Director may (subject to any requirement to re-elect any such Director who may be retiring under Clause 116) remain in office but shall be re-designated as a non-independent director. Nothing in this Constitution shall require a Director to vacate his office as a Director merely because such a resolution relating to him is defeated or deemed defeated.	(iv) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to give effect to. The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting. If the resolution is defeated or deemed defeated, the said Director may (subject to any requirement to re-elect any such Director who may be retiring under Clause 116) remain in office but shall be re-designated as a non-independent director. Nothing in this Constitution shall require a Director to vacate his office as a Director merely because such a resolution relating to him is defeated or deemed defeated.

HAP SENG PLANTATIONS

Creating Value Together

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

PROXY FORM

No. of shares	CDS Account No.

I/We ______________________________ NRIC No./Company No.______________________________
(FULL NAME IN BLOCK LETTERS)

of______________________________
(FULL ADDRESS)

Tel No. ______________________________ being a member/members of Hap Seng Plantations Holdings Berhad, do hereby appoint

______________________________ NRIC No./Company No. ______________________________
(FULL NAME OF PROXY IN BLOCK LETTERS)

of ______________________________ Tel No. ______________________________
(FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 15th annual general meeting of the Company to be conducted by way of a fully virtual meeting with its broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 25 May 2022 at 10am or at any adjournment thereof in the manner as indicated below: -

AGENDA

1. To table the audited financial statements for the financial year ended 31 December 2021 together with the reports of directors and auditors.

ORDINARY BUSINESS			FOR	AGAINST
2.	To re-elect Dato' Mohammed Bin Haji Che Hussein as director of the Company.	Ordinary Resolution 1		
3.	To re-elect Mr. Lee Wee Yong as director of the Company.	Ordinary Resolution 2		
4.	To re-elect Tan Sri Amirsham Bin A Aziz as director of the Company.	Ordinary Resolution 3		
5.	To re-elect Mr. Andrew John Barber as director of the Company.	Ordinary Resolution 4		
6.	To re-elect Datuk Hamisa Binti Samat as director of the Company.	Ordinary Resolution 5		
7.	To approve the payment of directors' fees.	Ordinary Resolution 6		
8.	To reappoint Messrs KPMG PLT as auditors of the Company.	Ordinary Resolution 7		
SPECIAL BUSINESS			**FOR**	**AGAINST**
9.	Authority to allot shares pursuant to section 75 of the Companies Act 2016.	Ordinary Resolution 8		
10.	To approve renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	Ordinary Resolution 9		
11.	To approve renewal of share buy-back authority.	Ordinary Resolution 10		
12.	To approve amendment to the constitution of the Company.	Special Resolution		

Please indicate with a "√" in the spaces above on how you wish your votes to be cast. In the absence of specific instructions, the proxy will vote or abstain at his/her discretion.

Signed this ____________ day of ____________ 2022

____
Signature(s)/Common Seal of Shareholder(s)

Notes:-

1. *The annual general meeting ("AGM") will be conducted by way of a fully virtual meeting through live streaming and online remote voting via the remote participation and electronic voting facilities ("RPEV") which is available on the online portal of Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my. Please follow the procedures provided in the administrative guide for the AGM in order to register, participate and vote remotely via RPEV.*

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4. *Subject to note 5 below, a member entitled to participate and vote at this AGM is entitled to appoint a proxy or proxies to participate and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. The proxy or proxies need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. Such duly executed instrument appointing a proxy must either be (a) deposited at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.*

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Postage

THE COMPANY SECRETARY
HAP SENG PLANTATIONS HOLDINGS BERHAD
Registration No. 200701011957 (769962-K)
Reception Counter, Ground Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

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