HAP SENG PLANTATIONS

Creating Value Together

HAP SENG PLANTATIONS HOLDINGS BERHAD

ANNUAL REPORT 2023

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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

Chong Kwea Seng
Independent Non-Executive Director

Choy Khai Choon
Independent Non-Executive Director

Tan Sri Amirsham Bin A Aziz
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@hapseng.com
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

Hap Seng Plantations Holdings Berhad together with its subsidiaries

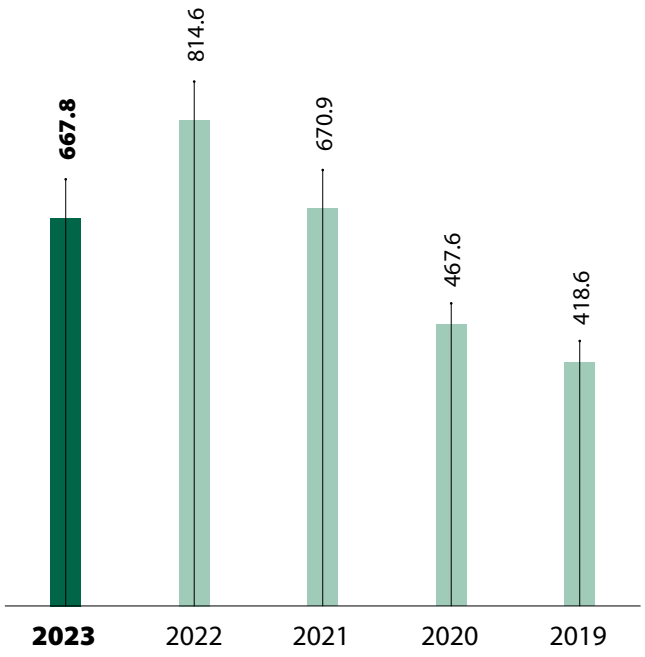
GROUP FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2023	**2022**	**2021**	**2020**	**2019**
INCOME (RM'000)					
Revenue	**667,835**	814,554	670,851	467,595	418,598
Profit before interest and tax	**119,516**	264,902	291,458	110,020	38,412
Profit before tax	**120,248**	263,973	290,260	108,400	36,559
Profit attributable to owners of the Company	**91,369**	210,315	224,023	90,296	31,449
FINANCIAL POSITION (RM'000)					
Assets					
Total assets	**2,427,046**	2,420,529	2,369,302	2,181,885	2,137,699
Net assets	**1,952,647**	1,929,251	1,882,871	1,714,826	1,652,519
Current assets	**693,042**	688,296	658,732	380,377	242,828
Liabilities					
Current liabilities	**54,534**	71,374	64,357	48,269	50,363
Equity					
Paid-up share capital	**1,475,578**	1,475,578	1,475,578	1,475,578	1,475,578
Shareholders' equity	**1,952,647**	1,929,251	1,882,871	1,714,826	1,652,519
Number of shares ('000)					
Weighted average shares in issue net of treasury shares	**799,685**	799,685	799,685	799,685	799,686
Shares in issue net of treasury shares	**799,685**	799,685	799,685	799,685	799,685
SHARE INFORMATION					
Per share					
Basic earnings (sen)#	**11.43**	26.30	28.01	11.29	3.93
Net assets (RM)@	**2.44**	2.41	2.35	2.14	2.07
Dividend (sen)	**6.80**	12.00	17.00	7.00	2.50
Share price (RM)					
Year high	**2.16**	3.50	2.28	2.12	2.14
Year low	**1.68**	1.80	1.69	1.25	1.40
As at 31 December	**1.72**	1.94	1.97	1.80	2.13
Market capitalisation (RM'000)	**1,375,459**	1,551,389	1,575,379	1,439,433	1,703,329
Trading volume ('000)	**89,556**	289,350	23,169	40,517	11,822
FINANCIAL RATIOS					
Return on total assets (%)	**3.76**	8.69	9.46	4.14	1.47
Return on shareholders' equity (%)	**4.68**	10.90	11.90	5.27	1.90
Current ratio (times)	**12.71**	9.64	10.24	7.88	4.82

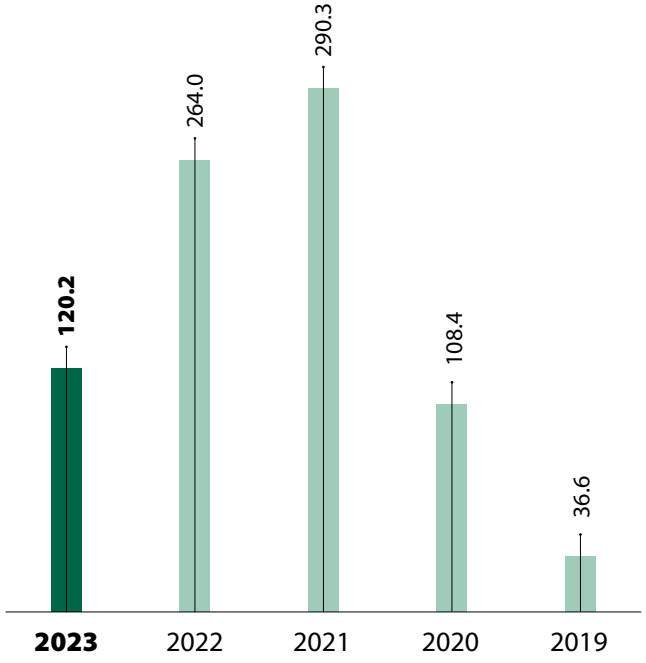
Based on weighted average number of shares in issue net of treasury shares
@ Based on number of shares in issue net of treasury shares

GROUP FINANCIAL HIGHLIGHTS

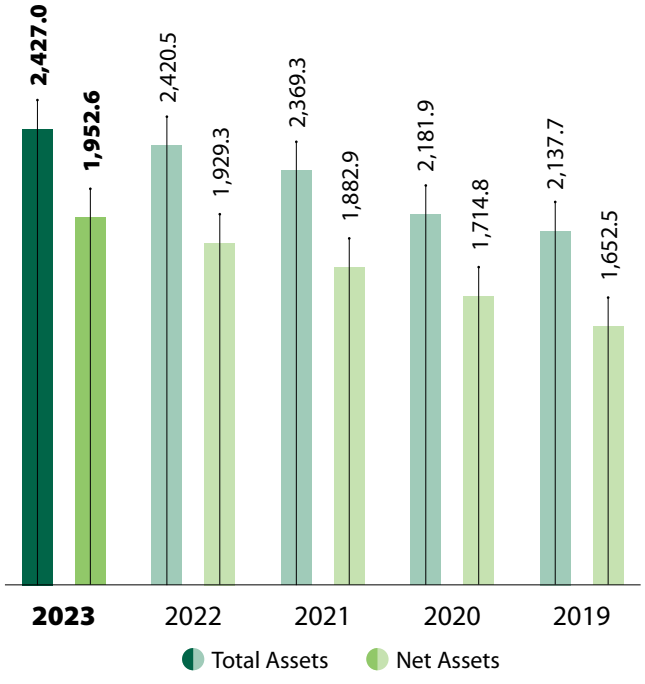
REVENUE
(RM'million)



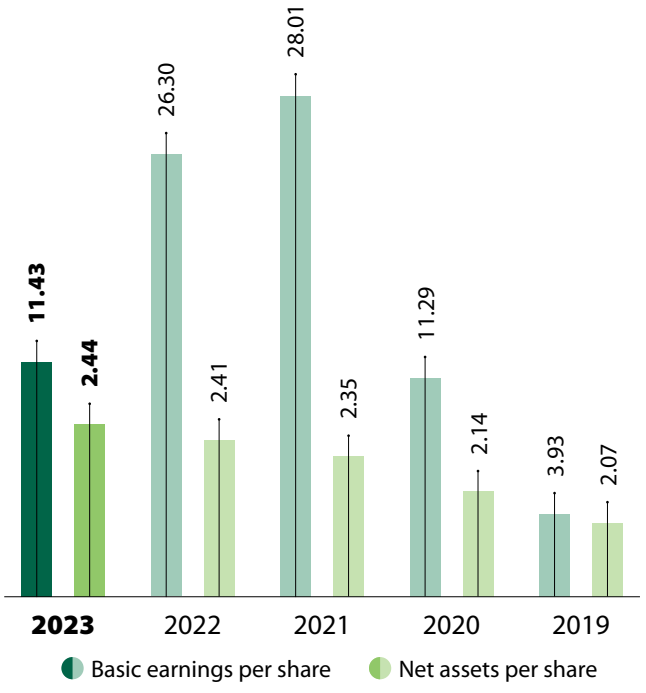
PROFIT BEFORE TAX
(RM'million)



TOTAL ASSETS/NET ASSETS
(RM'million)



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



MANAGEMENT DISCUSSION AND ANALYSIS

PLANTATION

Revenue
RM667.8
million

Operating Profit
RM123.4
million

Average Age of Total Planted Area
16.9
years

FFB Yield
19.7
tonnes per hectare

Oil Extraction Rate (OER)
20.75%

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 39,103 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.

MARKET CONDITION

Overall, Malaysian palm oil industry performance was within expectation in 2023. Despite modest growth in Crude Palm Oil (CPO) production, total export earnings of oil palm products declined mainly due to low palm product prices and export quantity. Total CPO production in 2023 was 18.6 million tonnes slightly higher by 0.5% than 2022 production of 18.5 million tonnes. The industry is still facing labour shortages that caused disruptions in the plantation industry's Fresh Fruit Bunch (FFB) harvesting and milling processes. The Group however was generally unaffected by the labour shortages. Total exports of palm oil in 2023 amounted to 15.1 million tonnes, lower by 0.6 million tonnes or 3.9% lower compared to 15.7 million tonnes registered last year. The decline was due to competition from competing vegetable oils.

CPO price averaged at RM3,809 per tonne (2022: RM5,807 per tonne). The Sabah average CPO price was RM3,739 per tonne (2022: RM4,786 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 primarily distributes its palm products through a combination of Spot Sales and Forward Contracts. All sales were locally delivered to refiners within Malaysia.

Strategies in Creating Value
As a member of the Roundtable on Sustainable Palm Oil (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

Bukit Mas Palm Oil Mill

2023 FINANCIAL REVIEW

The Group's performance in 2023 was affected by the challenging conditions prevailing across the Malaysian plantation industry. The Group's 2023 revenue declined by 18% to RM667.8 million (2022: RM814.6 million).

Operating profit was 53.8% lower at RM123.4 million (2022: RM266.9 million). Consequently, the earnings per share attributable to the shareholders of 11.43 sen (2022: 26.30 sen) was 56.5% lower than the previous financial year.

The Group recorded an average realized price of CPO and Palm Kernel (PK) of RM3,942 per tonne (2022: RM5,530 per tonne) and RM2,154 per tonne (2022: RM3,278 per tonne) respectively during the year.

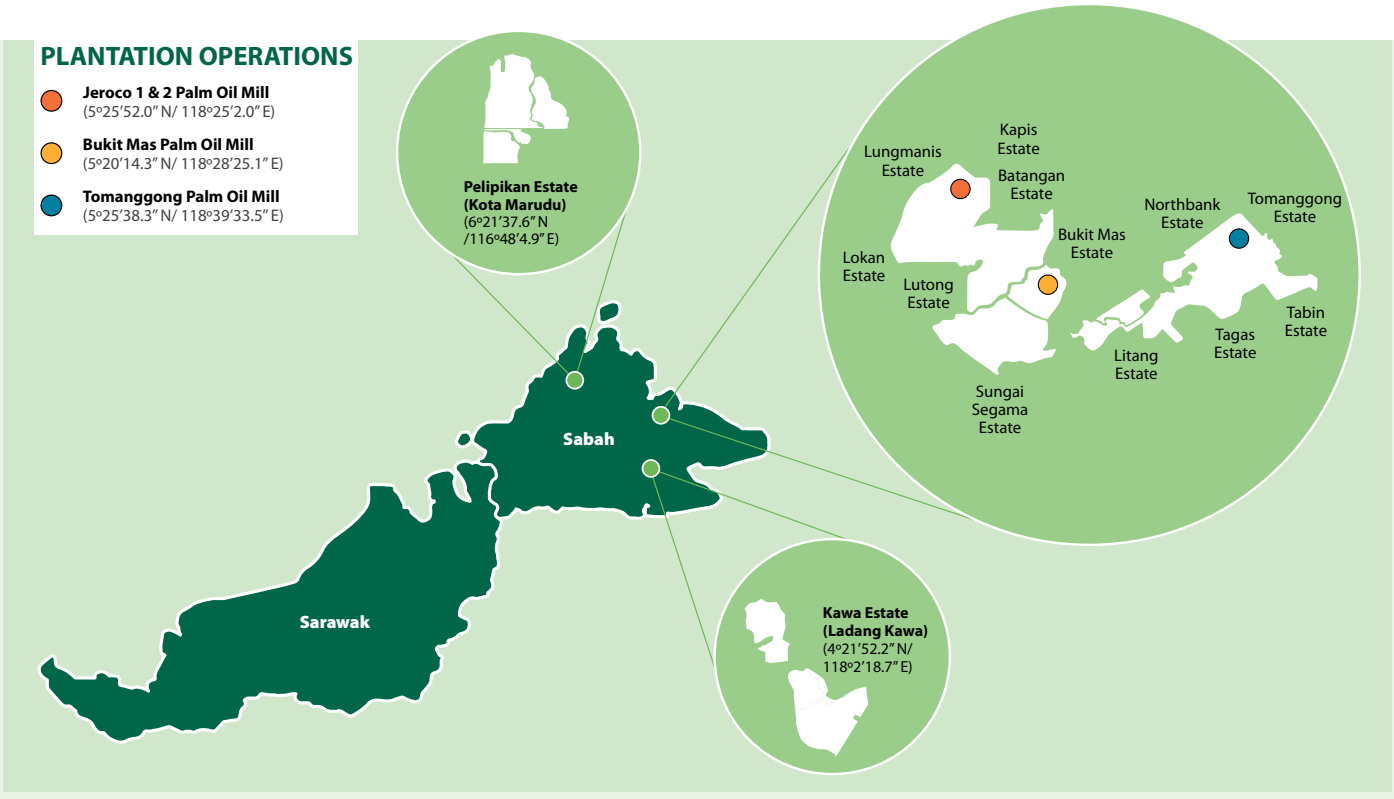
Average CPO selling price was 5.4% above Sabah average of RM3,739 per tonne and average PK selling price was 14.7% higher than Sabah average of RM1,878 per tonne.

CPO production cost (excluding amortization of bearer plant and surplus on fair value; and after taking into account PK credits) for the financial year remained relatively stable at RM2,562 per tonne (2022: RM2,559 per tonne).

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 6.8 sen per share for FY2023 (2022: 12.0 sen) representing a pay-out ratio of approximately 60%.

MANAGEMENT DISCUSSION AND ANALYSIS



OPERATIONAL PERFORMANCE

Planting Operations

As at 31 December 2023, the Group had a total planted area of 34,856 hectares (2022: 34,856 hectares) out of a total area of 39,103 hectares. Of the total planted area, approximately 93% or 32,367 hectares (2022: 32,135 hectares) were mature areas, with the average age of 16.9 years (2022: 16.6 years). The Group recorded a 8.4% increase in FFB yield of 19.70 tonnes per hectare (2022: 18.17 tonnes per hectare).

	Hectares
Immature	2,489
30 months to 7 years	4,577
> 7 years to 17 years	11,394
> 17 years	16,396
Total planted – oil palm	34,856
Immature – other crops	146
Total planted area	35,002
Reserve plantable	113
Building, road, reserves, etc	3,988
Total Area	**39,103**

For FY2023, the Group had 2,489 hectares of immature of oil palm out of which 832 hectares are expected to mature in 2024. The Group replanted 829 hectares during the 2023 financial year. The Group's FFB production increased by 9.2% to 637,719 tonnes (2022: 583,943 tonnes).

Area Statement of the Group as of 31 December 2023 was as follows:

	Total Area (hectares)	Planted Area (hectares)	Mature Area (hectares)	Percentage of Mature Area
JGOE(i)	14,117	*12,808	11,943	93.2%
TMGOE(ii)	12,806	**11,863	11,211	94.5%
SSGOE(iii)	9,907	8,743	7,625	87.2%
Ladang Kawa	100	100	100	100.0%
Pelipikan	1,365	903	903	100.0%
Kota Marudu	***808	585	585	100.0%
Total	**39,103**	**35,002**	**32,367**	**92.5%**

(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, achieved a 12.9% increase in production to 147,318 tonnes (2022: 130,510 tonnes) and recorded an improved average utilization rate of 67.7% in 2023 (2022: 61.2%). The Group recorded a 2.0% increase in OER of 20.75% (2022: 20.35%).

MANAGEMENT DISCUSSION AND ANALYSIS

Sustainability and Food Safety Certification

The Group is committed to ensuring that the FFB utilized in its production, whether sourced internally or externally, are certified sustainable. In pursuit of this commitment, the Group has revisited its objectives for the second time, aiming to ensure that all FFB obtain RSPO certification by 2025, prompted by the ongoing RSPO compensation issue concerning the Tabin/Northbank/Pelipikan Estate. The revised timeline, encompassing a time-bound plan to achieve 100% RSPO-certified sustainable palm oil from 2022 to 2025, received approval from the RSPO Certification Unit on 22 September 2023. The Group's estates are 81% RSPO certified with 100% of its palm oil mills RSPO and International Sustainability and Carbon Certification EU (ISCC EU) certified. Furthermore, all 14 of its estates and four palm oil mills of the Group has been Malaysian Sustainable Palm Oil (MSPO) certified since 2018.

As part of the Group's effort to ensure sustainability of its supply chain, the Group continues to engage with its independent local outgrowers and smallholders to raise sustainability awareness and the benefits associated therewith.

As a result of this effort, nine out of the 11 independent local outgrowers and smallholders (82%) participated in obtaining the RSPO and MSPO certification. In 2023, five independent local outgrowers and smallholders are both RSPO and MSPO certified with another three independent local outgrowers and smallholders achieved MSPO Certification.

As part of the Group's initiative to improve the palm products' marketability for food application, all the Group's mills are Hazard Analysis Critical Control Points (HACCP), MeSTI (Makanan Selamat Tanggungjawab Industri) 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 responsive sustainable palm oil producer in compliance with global sustainability standards for agriculture production and to enhance the market accessibility with good quality or specification of palm oil produced that meets the premium market requirement.

ANTICIPATED OR KNOWN RISKS

The Group may face pressure arising from increase in cost of production and shortage of labour, albeit low risk due to low turnover rate amongst estate workers. To mitigate this, reviews have been carried out regularly on feasibility to mechanize certain works with the objective to reduce cost and labour dependency. In the meantime, Plantation Management reviews workers' wages quarterly to ensure that they are paid at a competitive market rate to improve the workers retention rate.

Every employee's safety, health and wellbeing has always been of utmost importance to the company, especially during this Covid-19 era. The company has carried out swab test for all workers, continuously providing necessary PPE and tightening movement control in accordance with the MOH guideline.

OUTLOOK FOR 2024

The Group's performance mostly depends on the domestic and global macroeconomic factors that 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 1st quarter of 2024 is showing signs of improving FFB production despite heavy rains and flooding in Sabah in the earlier part of the year. According to the Malaysian Meteorological Department, the current El Nino phenomenon, which resulted in hot and dry weather, is forecast to persist until the end of the 1st half of 2024 before becoming El Niño-Southern Oscillation (ENSO) neutral by mid-2024. It is expected that the impact of El Nino to the palm oil industry will be minimal.

It is forecast that in 2024, Malaysian palm oil production will likely increase to 18.75 million tonnes. With the anticipation on increase of palm oil production, Malaysian producers will be facing stiff competition from Indonesian producers offering competitive pricing to protect their market share.

ACKNOWLEDGEMENT

The Company would like to express its gratitude and thanks to its Board of Directors and shareholders for their guidance and continuing support. The Company would like to extend its appreciation to Mr. Andrew John Barber, who retired as independent non-executive director on 24 May 2023, for his dedicated service to the Company and Board. The Company would also like to extend its appreciation to the family of the late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP, independent non-executive director, who passed away on 23 September 2023, for his dedicated service to the Company and Board.

The Company would also like to thank the management and all staff for their significant contributions over the years. The Company further acknowledges the support given to the Group from the authorities, 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 Year	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue (RM'000)	418,598	467,595	670,851	814,554	**667,835**
Profit before tax (RM'000)	36,559	108,400	290,260	263,973	**120,248**
Profit Attributable to owners of the Company (RM'000)	31,449	90,296	224,023	210,315	**91,369**
Earnings per share (sen)	3.93	11.29	28.01	26.30	**11.43**

BOARD OF DIRECTORS

1 Chong Kwea Seng
Independent Non-Executive Director

2 Datuk Hamisa Binti Samat
Non-Independent Non-Executive Director

3 Tan Sri Amirsham Bin A Aziz
Independent Non-Executive Director

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

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

6 Datuk Edward Lee Ming Foo, JP
Managing Director

7 Lee Wee Yong
Executive Director

8 Cheah Yee Leng
Executive Director

9 Au Yong Siew Fah
Executive Director

10 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 73, 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 Syarikat Takaful Malaysia Keluarga Berhad and Credit Guarantee Corporation Malaysia Berhad.

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). He is also a Fellow of the Asian Institute of Chartered Bankers and a Professor of Practice at The International Center for Education in Islamic Finance (INCEIF) University, Kuala Lumpur.

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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended five out of the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Datuk Simon Shim Kong Yip, JP

Non-Independent Non-Executive
Deputy Chairman

Datuk Simon Shim Kong Yip, JP, male, a Malaysian, aged 67, 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 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. He was also appointed as the business advisor of Lei Shing Hong Group on 1 September 2022.

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 23 to the Financial Statements. He has not been convicted of any offence in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended five out of the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Datuk Edward Lee Ming Foo, JP

Managing Director

Datuk Edward Lee Ming Foo, JP, male, a Malaysian, aged 69, 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 23 to the Financial Statements. He has not been convicted of any offence in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended all the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Lee Wee Yong
Executive Director

Lee Wee Yong, male, a Malaysian, aged 76, is an executive director of Hap Seng Plantations Holdings Berhad and was appointed to this position on 2 February 2011.

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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended all the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Cheah Yee Leng
Executive Director

Cheah Yee Leng, female, a Malaysian, aged 55, 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 Laws Degree and Bachelor of Economics 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

She attended all the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Au Yong Siew Fah
Executive Director

Au Yong Siew Fah, male, a Malaysian, aged 73, 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 54 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.

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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended all the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Chong Kwea Seng

Independent Non-Executive Director

Chong Kwea Seng, male, a Malaysian, aged 69, 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended five out of the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Choy Khai Choon

Independent Non-Executive Director

Choy Khai Choon, male, a Malaysian, aged 66, 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 and appointed as chairman of the Remuneration Committee on 21 November 2023.

Mr. Choy is the non-independent non-executive chairman of Zurich Life Insurance Malaysia Berhad, Zurich General Insurance Malaysia Berhad and Kenanga Investors Berhad, a wholly-owned subsidiary of Kenanga Investment Bank Berhad (Kenanga Investment). 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. 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, 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 six 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended all the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Tan Sri Amirsham Bin A Aziz

Independent Non-Executive Director

Tan Sri Amirsham Bin A Aziz, male, a Malaysian, aged 73, 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 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

He attended all the six board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

Datuk Hamisa Binti Samat

Non-Independent Non-Executive Director

Datuk Hamisa Binti Samat, female, a Malaysian, aged 74, 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 was later involved in politics when she was 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

She attended four out of the six board meetings held during the financial year ended 31 December 2023.

SENIOR MANAGEMENT TEAM'S PROFILE

1 Mak Wai Ming

General Manager – Finance

Mak Wai Ming, male, a Malaysian, aged 60, 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

2 Peter Liew Chi Kiaw

General Manager – Plantation Advisory

Peter Liew Chi Kiaw, male, a Malaysian, aged 72, 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

3 Anselmius @ Robert Kimon

General Manager – Processing

Anselmius @ Robert Kimon, male, a Malaysian, aged 56, 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 five years and there was no public sanction or penalty imposed by the relevant regulator bodies during the financial year ended 31 December 2023.

SENIOR MANAGEMENT TEAM'S PROFILE

4 Gan Lu Yee

Financial Controller – Plantation

Gan Lu Yee, male, a Malaysian, aged 47, 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

5 Kee Keow Chong

General Manager – Agronomy

Kee Keow Chong, male, a Malaysian, aged 49, 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 five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2023 is as follows:

Directors	Board	AC	RC	NC
Dato' Mohammed Bin Haji Che Hussein	5/6	5/5	0/1	2/2
Datuk Simon Shim Kong Yip, JP	5/6		1/1	2/2
Datuk Edward Lee Ming Foo, JP	6/6			
Lee Wee Yong	6/6			
Cheah Yee Leng	6/6			
Au Yong Siew Fah	6/6			
Chong Kwea Seng	5/6			2/2
Choy Khai Choon	6/6	5/5	1/1	
Tan Sri Amirsham Bin A Aziz	6/6	5/5		
Datuk Hamisa Binti Samat	4/6			
Andrew John Barber[1]	0/2#			
Late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP[2]	3/4*		@	

Board/Board Committee Chairman

Member

[1] Retired on 24 May 2023.

[2] Passed away on 23 September 2023.

There were two meetings held prior to his retirement.

* There were four meetings held prior to his passing.

@ There was no meeting held prior to his passing.

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 day-to-day operations of the Group ("Managing Director"), in accordance with the strategic direction of the Board. The positions of Chairman and Managing Director are held by different individuals.

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 the previous year, the Board approved fit and proper policy which serve as a guide to the NC and Board in their review and assessment of suitable candidates that are to be appointed to the board or its subsidiaries as well as directors who are seeking for re-election.

A senior independent director is also appointed to act as a sounding board for the Chairman, address concerns that may be raised by shareholders of the Company and as an intermediary for other directors when necessary.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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:

During the year, Mr. Andrew John Barber, an independent non-executive director retired as director of the Company at the conclusion of annual general meeting ("AGM") held on 24 May 2023. In addition, the late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, who was an independent non-executive director passed away on 23 September 2023.

Accordingly, the Board currently comprises four independent directors out of a total of ten board members, namely less than 50% of the directors are independent. However, the Company is in compliance with paragraphs 3.04 and 15.02 of the LRs of Bursa Securities which require at least 1/3 of the directors to be independent. The Company will take steps to comply with practice 5.2 of MCCG during the 2024 financial year.

The NC assesses the independence of the 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. All the independent non-executive directors have served the Board for less than nine years as at 31 December 2023.

Presently, the Chairman is a member of the Board Committees. Although the Board acknowledges the perceived or potential risk of self-review by the Chairman assuming membership of the various Board Committees, there is no basis to conclude that such risk has been actualised.

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. NC will assess and evaluate whether the candidate fulfills the fit and proper criteria as stated in the fit & proper policy.

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, facilitated by the company secretaries, undertake an annual assessment of the effectiveness of both the Board and the Board Committees as well as the individual directors in a formal process. Every directors is required to complete the requisite questionnaires and submit the same directly to the company secretaries who will collate the responses and produce a summary report to the NC. The NC will then analyse the report and submit its findings and recommendation to the Board. Such findings would be utilized as the bases for the Board's development needs and in making governance changes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NC has conducted the fit and proper assessment on the directors who were proposed for re-election in accordance with clause 116 of the Company's constitution at the forthcoming AGM. The retiring directors had also submitted to the Company their fit and proper declaration forms.

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 remuneration policy and procedures for executive directors, non-executive directors and senior management are available on the Company's website.

During the year, Mr. Choy Khai Choon was appointed as chairman of NC in place of late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir.

AUDIT COMMITTEE

None of the AC members are the former audit partners are required to observe a cooling-off period of at least three years before being appointed. 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 that arises, persists or may arise 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.

The external auditors confirmed that throughout the course of audit, they had not discovered any suspected or actual fraud cases. The AC also confirmed that to the best of their knowledge, they had no knowledge of any suspected or actual fraud cases involving the Company.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 by the Board members during the financial year ended 31 December 2023 are outlined below:

Programme Title	Date
Dato' Mohammed Bin Haji Che Hussein	
Briefing on e-Invoice Overview	23 August 2023
Sustainability in the Digital Age	14 September 2023
Navigating AI Governance and ESG Reporting for the Future	17 October 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Datuk Simon Shim Kong Yip, JP	
Briefing on e-Invoice Overview	23 August 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Datuk Edward Lee Ming Foo, JP	
Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	17 August 2023
Briefing on e-Invoice Overview	23 August 2023
Post-Budget 2024 Thoughts	17 October 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Lee Wee Yong	
Tax and Business Summit 2022	15 March 2023
Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	17 August 2023
Briefing on e-Invoice Overview	23 August 2023
Tax and Business Summit 2023	2 November 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Cheah Yee Leng	
Using e-Signatures & Digital Signatures - On My Corporate Documents	15 June 2023
Provision of Financial Assistance & RPT	20 July 2023
Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	17 August 2023
Briefing on e-Invoice Overview	23 August 2023
Employee Share Scheme	24 October 2023
Directors' Conflict of Interests - How Company Secretary is to Advise	2 November 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Programme Title	Date
Au Yong Siew Fah	
Briefing on e-Invoice Overview	23 August 2023
FTSE4Good ESG Ratings for All PLCs	24 August 2023
Board Oversight of Climate Risks and Opportunities	10 October 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Chong Kwea Seng	
Board Audit Committee Dialogue & Networking	6 June 2023
Generative AI - An Opportunity or Risk?	20 July 2023
Briefing on e-Invoice Overview	23 August 2023
Environmental, Social and Governance – IFRS S1 and S2: Beyond Compliance	13 September 2023
Sustainability in the Digital Age	14 September 2023
Navigating AI Governance and ESG Reporting for the Future	17 October 2023
Board NRC Committee (BNRC) Dialogue & Networking – 2023	30 October 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Choy Khai Choon	
Can America Stop China's Rise? Will ASEAN Be Damaged	12 January 2023
FATCA Professional Services Briefing	10 May 2023
Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know	13 June 2023
ESG: Principles of Responsible Investment and Carbon Market	7 July 2023
Bursa 2023 Market Intermediaries and Advocacy Programme: Understanding Cybersecurity	11 July 2023
Anti-Money Laundering, Anti-Terrorism Financing & Anti Proliferation Financing: Board of Directors' Briefing	3 August 2023
CMDP Module 2B: Business Challenged and Regulatory Expectations – What Directors Need to Know (Fund Management)	21 August 2023
Briefing on e-Invoice Overview	23 August 2023
Board Oversight of Climate Risks and Opportunities	10 October 2023
Cyber Security	6 November 2023
Singapore Fintech Festival 2023	15-17 November 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Tan Sri Amirsham Bin A Aziz	
ICDM PowerTalk - Navigating ESG Data into Decisions	21 March 2023
Briefing on e-Invoice Overview	23 August 2023
Sustainability Governance and Reporting	19 September 2023
Board Oversight of Climate Risks and Opportunities	10 October 2023
Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2	20 November 2023
Datuk Hamisa Binti Samat	
Briefing on e-Invoice Overview	23 August 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SUSTAINABILITY

Sustainability governance is spearheaded by the Environment & Sustainability Committee and overseen by the Chief Executive – Group Plantations and the Board. The Environment & Sustainability Committee is supported by the RSPO Sub-Committee. The Company's sustainability strategies, priorities and targets are in line with its sustainable agriculture policy and sustainability framework after taking into account the materiality assessment endorsed by the Board every two years. Progress and performance towards the targets are transparently published through the annual sustainability report.

The LRs of Bursa Securities have been amended to mandate all directors to attend the sustainability training under Mandatory Accreditation Programme Part II by 1 August 2025. As at 31 March 2024, seven out of ten directors have participated in the training.

PROMOTING GOOD BUSINESS CONDUCT

A code of conduct 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.

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 Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("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.

The Company has in place the standalone whistle-blowing policy to promote and maintain high transparency and accountability at the workplace, manage reports of improper conduct in an objective and timely manner, provide protection to the whistle-blower from unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions, provide a transparent and confidential process in dealing with any such whistle-blowing of improper conduct, protect the reputation of the Group and improve and maintain a healthy and productive culture ("Whistle-Blowing Policy"). Any party who believes or has reasonable grounds to believe that improper conduct has occurred or is occurring should report their concerns using the available reporting channels as stated in the Whistle-Blowing Policy. The whistle-blowers and/or their interests will not in any way be implicated or impaired whatever the outcome of the investigation is, so long as the reports have been made in good faith. The Whistle-Blowing Policy is published on the Company's website.

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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 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 2023 was issued 28 days prior to AGM ("AGM 2023"). 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 2023 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 2023. 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 2023.

AGM 2023 was conducted virtually through RPEV. The non-executive directors except Mr. Andrew John Barber participated the AGM 2023 via live streaming whilst the Chairman and executive directors as well as the company secretary were present at broadcast venue.

The external auditors, Messrs KPMG PLT, were also invited to attend the AGM 2023 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 2023, the Chairman duly advised the shareholders that they were encouraged to submit their questions or queries using the messaging window facility throughout the AGM 2023 proceeding. The questions and the corresponding replies were also read out by the Chairman during the AGM 2023. 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. The poll results were also announced by the Company to Bursa Securities on the same day for the benefit of all shareholders.

Minutes of the AGM 2023 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	Independent Non-Executive Director – Chairman
Dato' Mohammed Bin Haji Che Hussein	Independent Non-Executive Director
Mr. Choy Khai Choon	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 which is published on the Company's website at www.hapsengplantations.com.my.

Meetings
During the financial year ended 31 December 2023, 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 quarterly 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 2023 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 15 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 was 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.

- The Audit Committee held two meetings with the external auditors in the absence of the executive Board members and management representatives on 20 November 2023 and 27 February 2024 respectively. During the meetings, 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.

AUDIT COMMITTEE REPORT

- 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") and International Code of Ethics for Professional Accounts (including International Independence Standards) ("IESBA").

- 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 and IESBA.

- 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.

- Reviewed the limit of authority as well as the list of non-assurance services to be provided by the external auditors of the Company.

Summary of Works of the Internal Audit Function
Summary of works of the internal audit function for the financial year ended 31 December 2023 is set out in the Statement on Risk Management and Internal Control on page 39 of this annual report.

NOMINATING COMMITTEE REPORT

Members of the Nominating Committee	
Mr. Chong Kwea Seng	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 Nominating Committee
Duties and responsibilities of the Nominating Committee are set out in its terms of reference which is published on the Company's website at www.hapsengplantations.com.my.

Meetings
During the financial year ended 31 December 2023, two meetings were held and all the Nominating Committee members were present.

Summary of Activities of the Nominating Committee
The activities carried out by the Nominating Committee during the meeting held on 20 November 2023 are summarized below:

- Reviewed the composition of the Board pursuant to practice 5.2 of the Malaysian Code on Corporate Governance 2021 ("Practice 5.2"). During the year, Mr. Andrew John Barber, an independent non-executive director retired as director of the Company at the conclusion of annual general meeting ("AGM") held on 24 May 2023. In addition, the late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, who was an independent non-executive director passed away on 23 September 2023. Accordingly, the Board currently comprises four independent directors out of a total of ten board members, namely less than 50% of the directors are independent. However, the Company is in compliance with paragraphs 3.04 and 15.02 of the Listing Requirements which require at least 1/3 of the directors to be independent. The Company will take steps to comply with Practice 5.2 during the 2024 financial year.

- Reviewed and recommended to the board on the appointment of Mr. Choy Chai Choon as chairman of Remuneration Committee in place of late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir.

During the meeting held on 27 February 2024, members of the Nominating Committee had performed activities summarised below for the financial year 2023:

- 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 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.

NOMINATING COMMITTEE REPORT

- 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 the board charter and terms of reference of the Board Committees adopted by the Board by expanding the scope of the Audit Committee's review and report to the Board of the conflict of interest ("COI") situations that arises, persist or may arise within the Group and the measures taken to resolve, eliminate or mitigate the COI.

- Conducted various assessments, including assessment of the collective performance of the board as a whole as well as assessment of individual director's performance, fit and proper assessment of each director, independence assessment of each independent director, which recommendations thereof have been made to the Board that the following directors who are to retire in accordance with clause 116 of the Company's constitution to stand for re-election at the forthcoming AGM:

  (i) Datuk Edward Lee Ming Foo, JP (Managing Director);
  (ii) Mr. Chong Kwea Seng (Independent Non-Executive Director); and
  (iii) Mr. Choy Khai Choon (Independent Non-Executive Director).

REMUNERATION COMMITTEE REPORT

Members of the Remuneration Committee	
Mr. Choy Khai Choon	Independent Non-Executive Director – Chairman - Appointed on 21 November 2023
Dato' Mohammed Bin Haji Che Hussein	Independent Non-Executive Director
Datuk Simon Shim Kong Yip, JP	Non-Independent Non-Executive Director
Late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP	Independent Non-Executive Director – Chairman - Passed away on 23 September 2023

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

Meeting
During the financial year ended 31 December 2023, one meeting was held. Attendance details of each member of Remuneration Committee are set out in the Corporate Governance Overview Statement on page 24 of this annual report.

Summary of Activities of the Remuneration Committee
- During the Remuneration Committee meeting held on 29 November 2023, the members of Remuneration Committee had reviewed and recommended to the Board, the executive directors and senior management team emoluments inclusive of benefits for the financial year ending 31 December 2024 and bonus for the financial year ended 31 December 2023. Such reviewed was to ensure that the remuneration package of executive directors and senior management team remain attractive and in line with the remuneration policy and industry forecast for 2023/2024 for the average salary increment and bonus.

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 2023 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 optimal 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 financial officer
chief executive of plantation division	head of group internal audit; and
group chief operating officer	chief risk officer / senior manager overseeing the risk management function
deputy group finance director	

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

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 RM0.84 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 Certified Internal Auditor ("CIA") and Chartered Member of The Institute of Internal Auditors Malaysia. He is assisted by a team of qualified personnel, including members of the Malaysian Institute of Accountants ("MIA").

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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 31 to 35 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 2023, 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

ABOUT THIS STATEMENT

Hap Seng Plantations Holdings Berhad (Hap Seng Plantations) has prepared this statement (for the period from 1 January 2023 to 31 December 2023) with reference to the Global Reporting Initiative (GRI) Universal Standards 2021, and the recently published sector standards, GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022. The statement also complies with Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting. Carbon emissions disclosure is aligned to the Greenhouse Gas (GHG) Protocol and Roundtable on Sustainable Palm Oil (RSPO) PalmGHG methodology.

Scope and Boundaries

This statement provides the environmental, economic and social (EES) principles of our operations as well as our commitments in the implementation, and the rollout of new sustainability initiatives in our plantations. This statement is structured to cover all our operational and management activities that encompass the cultivation, production and sales of our crude palm oil (CPO) within our estates and mills, including engagement with all our stakeholders.

Since the launch of our inaugural statement in 2015, there has been no notable change to the size, structure, or ownership of our palm operations.

Unless otherwise stated, this statement contains data and information for the year 2023, commencing 1 January 2023 to 31 December 2023. This statement is intended to meet the information needs of our stakeholders and communicate our approach to EES aspects of our business. This statement is also intended to be read in conjunction with our 2023 Annual Report, 2023 Sustainability Report and the sustainability-related disclosures on our website.

Full ESG disclosures can be found in the sustainability report at: https://www.hapsengplantations.com.my/sustainability-report.html.

The scope of our statement covers:

- All of Hap Seng Plantations' upstream operations, which include oil palm plantations and palm oil mills.
- This statement does not include associate companies or joint venture enterprises.

Assurance

The data and information presented in this statement has not been internally reviewed by our internal auditor nor has it been assured by a third party. The Group however is planning to have our statement internally reviewed within the next three years.

This statement has been reviewed by our Annual Report Committee and presented to the Board of Directors prior to publishing.

Feedback

We welcome any feedback from our stakeholders regarding this statement. If you would like to submit feedback or request further clarification, kindly contact:

Name : Kee Keow Chong
Designation : General Manager
Department : Agronomy
Email : keekc@hapseng.com

STRENGTHENING OUR SUSTAINABILITY PRACTICES

As a proactive and responsible producer, we are steadfast in our commitment to prioritising the safety and health of our employees, considering it a cornerstone of our sustainability efforts. To demonstrate our unwavering commitment to safety and health, we have embarked and targeted to achieve ISO 45001 certification for four palm oil mills in 2025. ISO 45001 is an international standard that specifies requirements for an occupational health and safety management system. Compliance to this certification standard is expected to enable the group to improve our existing standards and meet the global market requirements. This year, we effectively implemented the enhanced noise pollution control measures throughout all our milling operations, effectively reducing noise level.

Ensuring the welfare of employees is of paramount importance and remains our top priority, as they are the backbone of our organization's success and prosperity. As for our ongoing effort to elevate the welfare of our employees, we provided new housing facilities at Tomanggong Estate and Tomanggong Palm Oil Mill in accordance with the guidelines outlined in the Workers' Minimum Standard of Housing and Amenities Act of 1990.

As part of our commitment to Best Management Practices (BMP), we have been actively innovating through the integration of automation and digitalization, leveraging innovative drone technology. This ongoing endeavour is geared towards enhancing our precision agriculture management techniques. In 2023, we expanded our drone fleet by adding 5 new units, bringing the total to 19 drones dedicated to precision agriculture across our plantations.

A significant endeavour in our pursuit to reducing Greenhouse Gas (GHG) emissions is the establishment of biogas plants, which capture methane gas from Palm Oil Mill Effluent (POME) and convert it into electricity. We are delighted to announce three of our palm oil mills - Jeroco Palm Oil Mill 1 (JPOM 1), Jeroco Palm Oil Mill 2 (JPOM 2), and Bukit Mas Palm Oil Mill (BPOM) are utilising electricity generated from biogas plants that have resulted in 21% reduction of diesel consumption in 2023 as compared to 2020.

As part of the commitment to meet global food safety requirements, we have established the chloride washing plants at BPOM and JPOM 1 to control the level of free and bound 3-monochloropropane diol (3-MCPDE). We have also been using the food grade lubricant/grease with close monitoring on the Mineral Oil Saturated Hydrocarbons (MOSH) and Mineral Oil Aromatic Hydrocarbons (MOAH) levels to ensure that our palm oil meets food safety requirements by the European Food Safety Authority Panel.

Throughout 2023, our corporate initiative proactively supported 11 independent smallholders and outgrowers in their journey towards sustainability certifications. In 2023, five independent local outgrowers and smallholders are both RSPO and MSPO certified with another three independent local outgrowers and smallholders achieved MSPO Certification. In order to expedite the RSPO certification process of the remaining smallholders, we have collaborated with our key palm oil buyer to support the smallholders in preparing for the RSPO certification process.

Hap Seng Plantations has achieved an improved scores in the Zoological Society of London Sustainable Palm Oil Transparency Toolkit (ZSL SPOTT), affirming our continued progress. In the latest assessment conducted in November 2023, we attained a score of 83.0% (2022: 81.8%).

While we acknowledge the ongoing needs for further progress, we are resolute in our pursuit of sustainable practices across all facets of our operations. We will continue to enhance our performance and transparency to various stakeholders.

PERFORMANCE HIGHLIGHTS

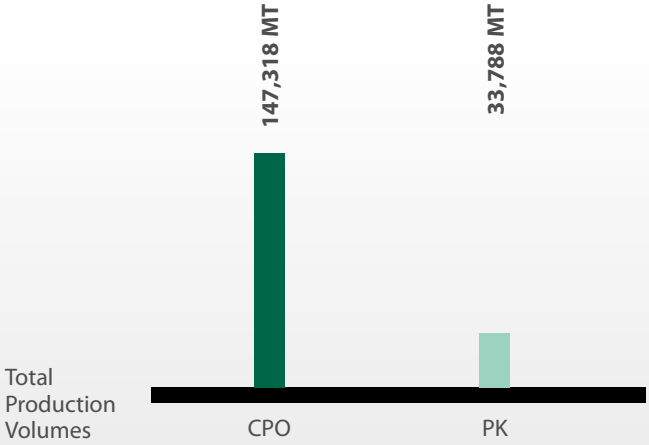
FINANCIAL

Our Revenue **RM667.8** million

Profit Before Tax **RM120.2** million

Basic Earnings Per Share **11.43** sen

OPERATION



OER **20.75%**

Average Age of Total Planted Area **16.9** years

HEALTH & SAFETY

Lost Time Accident Rate (LTAR)	0.48 incidents per 200,000 hours worked
Fatal Accident	0 fatality

SOCIAL

Zero Off Spec CPO
Bukit Mas Palm Oil Mill FY2023 from IOI Edible Oils

Highest Quantity CPO Supplier
(Individual Mill Category) Tomanggong Palm Oil Mill FY2023 from IOI Edible Oils

TRACEABILITY

FFB Processed	CPO Production	PK Production
77% or 549,223 MT processed by identity preserved mills (JPOM 1 and BPOM)	**CSPO - 77% or 113,946 MT** from identity preserved mills (JPOM 1 and BPOM)	**CSPK - 77% or 25,871 MT** from identity preserved mills (JPOM 1 and BPOM)
23% or 160,641 MT processed by mass balance mills (JPOM 2 and TPOM)	**CPO - 23% or 33,372 MT** from mass balance mills (JPOM 2 and TPOM)	**PK – 23% or 7,917 MT** from mass balance mills (JPOM 2 and TPOM)

KEY SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS IN 2023

Sustainability Pillar		Achievements
Marketplace	Net profit	RM91.4 million
	Market capitalisation	RM1.375 billion
	Fresh Fruit Brunches production	637,719 MT
	Crude Palm Oil production	147,318 MT
	Palm Kernel production	33,788 MT
	RSPO certification	Maintain 100% certification for all mills
	MSPO certification	Maintain 100% certification for all estates & 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	Maintain 100% certification for all mills
	HALAL certification	Maintain 100% certification for all mills
Workplace	Total workforce	8,046
	Women in workforce	2,628
	Hiring rate	41.20%
	Turnover rate	23.02%
	Safety training	869 trainings per year
	Lost Time Accident Rate (LTAR) per 200,000 hours worked	0.48
	Fatality	0
Community	Community investment	Programmes & activities: RM1,307,810
	Schools – Humana & rural schools	No. of Humana schools: 9; contributed RM787,367
		Capacity building programmes: contributed RM506,555
	Support independent local outgrowers and smallholders	No. of outgrowers and smallholders: 11
	CSR activities for local communities	No. of programmes: 4; contributed RM445,879
Environment	GHG emissions	0.61 MT CO_2-e/ MT CPO
	HCV areas	1,401.98 Ha
	Riparian buffer areas	1,056.74 Ha
	Biogas facilities	Three mills have access to biogas facilities (JPOM 1, JPOM 2 & BPOM)
	Recyclable waste	1.79 MT
	Water consumption intensity	1.28 m^3 / MT FFB processed
	BOD discharge level	17 ppm
	COD discharge level	325 ppm

KEY SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS IN 2023

Tracking Progress on Our Commitments

Year		Status
2015	• All mills RSPO certified	ACHIEVED
	• Establish a GHG baseline	ACHIEVED
	• Increase FFB yield to 22 MT per hectare (* In 2022, reset target to achieve above MPOB's Sabah average yield)	ACHIEVED
	• Complete a biodiversity baseline study	ACHIEVED
	• No increase in Lost Time Accident Rate (LTAR)	ACHIEVED
	• Zero fatality	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% (* In 2022, reset target to achieve above MPOB's Sabah average CPO extraction rate)	ACHIEVED
	• MSPO certification of Pelipikan Estate	ACHIEVED
	• Reduce GHG emissions intensity to between 1.5 to 2.0 MT CO_2-e/ MT CPO	ACHIEVED
2018	• MSPO certification of all estates and mills	ACHIEVED
2019	• RSPO & MSPO certification of 50% of JPOM 2 external FFB	ACHIEVED
	• Reduce BOD level to 20 ppm for BPOM	ACHIEVED
2020	• Reduce BOD level to 20 ppm for TPOM	ACHIEVED
	• 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 2025)
2021	• Reduce GHG emissions intensity to between 1.0 to 1.5 MT CO_2-e/ MT CPO (including Scope 1 and Scope 2 emissions)	ACHIEVED
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	ACHIEVED
	• Reduce GHG emissions intensity to between 1.0 to 1.5 MT CO_2-e/ MT CPO (including Scope 1 and Scope 2 emissions)	ACHIEVED
2023	• Commisioning of Electrostatic Precipitators (ESP) for all mills	ACHIEVED
2024	• ISSC EU Certification for Palm Oil Mill Effluent (POME) oil of all mills	IN PROGRESS
2025	• ISO 45001 Certification for all mills	IN PROGRESS

- 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
- MSPO SCCS - Malaysian Sustainable Palm Oil Supply Chain Certification Standard
- 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

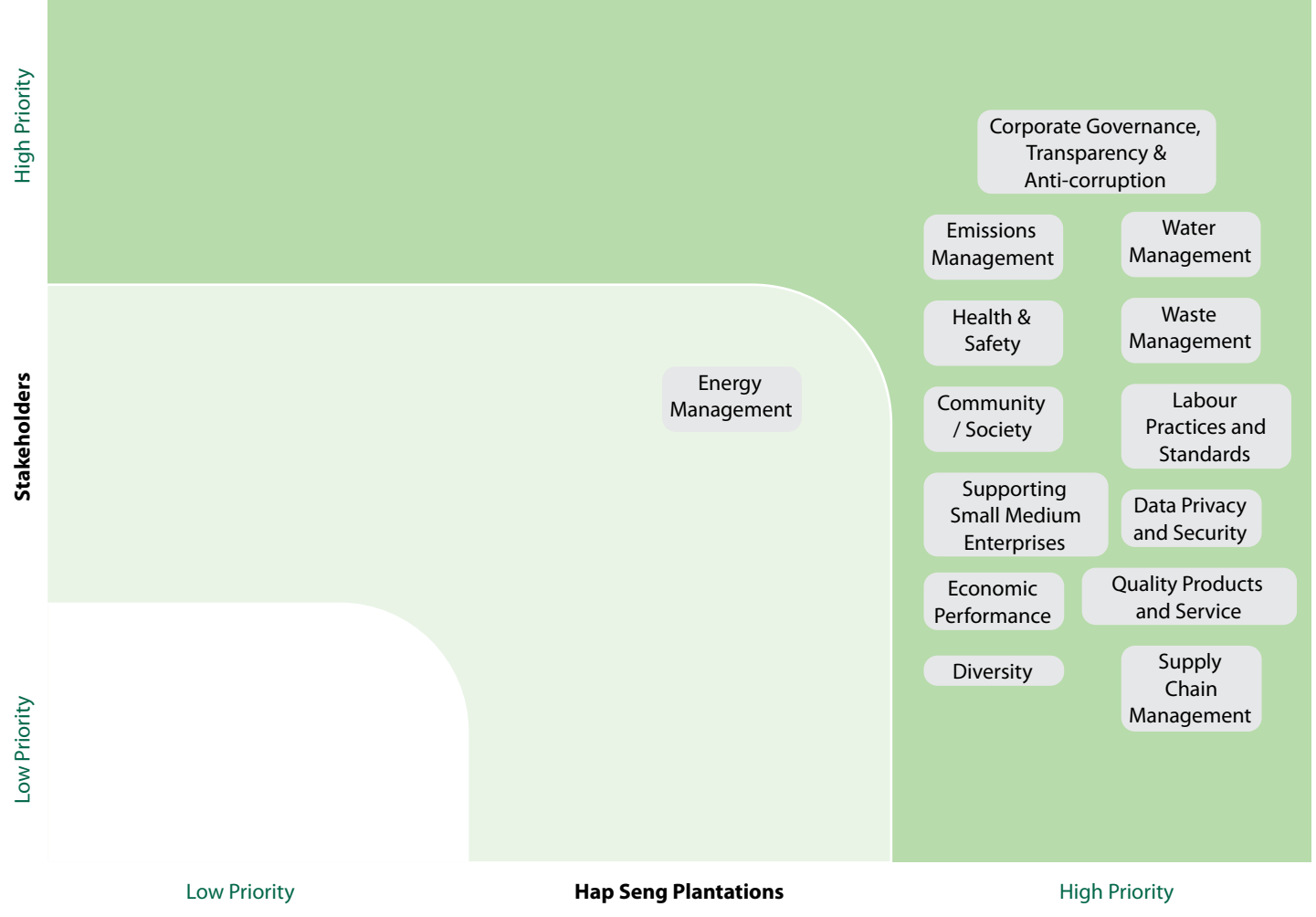
* We have reset targets to benchmark against MPOB Sabah averages as this is the accepted industry practice.

OUR MATERIAL MATTERS

The material matters for this reporting period have been aligned to the latest Bursa Malaysia's Enhanced Sustainability Disclosure requirement on common sustainability matters.

We conducted the reassessment of our material matters for this reporting period through various platforms, including group session engagements, phone calls, and emails with the participation from both our internal and external stakeholders. Outcome from the materiality assessment reflect issues that are of major concern to stakeholders and of high significance to Hap Seng Plantations.

HAP SENG PLANTATIONS MATERIALITY MATRIX 2023



OUR SUSTAINABILITY AGENDA

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 by continuously working to strengthen our policies and guidance in all aspects of our palm oil operations.

Marketplace

- Engage in responsible business practices by staying committed to ethical business conduct, responsible agriculture practices, as well as producing safe and quality products.

Workplace

- Prioritise our people by focusing on uplifting the safety and health, work environment, as well as family welfare of our employees.
- 32.66% of our workforce consist of women.

Community

- Promote community advancement by building mutually beneficial relationships that support the enrichment of local communities through provision of convenient means of transportation, business and employment opportunities, as well as access to a better quality of life.
- A total of 2 Community Learning Centre (CLC) at our plantations.
- Supported 9 Humana schools at our plantations.

Environment

- Practices 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 Hap Seng Plantations with forest tree species.
- Areas set aside for conservation with the total of 1,401.98 ha.
- Sustainable Agriculture Policy updated on 15 August 2023.

OUR SUSTAINABILITY AGENDA

Sustainability Governance

Sustainability governance in Hap Seng Plantations is spearheaded by the Environment & Sustainability Committee and overseen by the Chief Executive – Group Plantations who reports to the Board of Directors. The Environment & Sustainability Committee is supported by the RSPO Sub-committee (General Manager – Agronomy chairs the committee and report to Chief Executive – Group Plantations and Environmental & Sustainability Committee) to develop and drive sustainability strategies, policies and goals to achieve the overall effectiveness and adequacy in the management of environmental, social and governance (ESG) issues in accordance with the Hap Seng Plantations Sustainability Policies. Hap Seng Plantations Sustainability Policies consist of commitments within the ESG requirements to create additional value to the businesses. The policies will be updated depending on the sustainability material matters and future trends derived from engagement with the stakeholders. The Chief Executive or his/her nominee also will represent Hap Seng Plantations in the Hap Seng Consolidated Berhad (HSCB) Group Sustainability Committee.

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

Responsible for:

- Oversight of the sustainability implementation and progress.
- To provide guidance on the alignment of Sustainability Policies with the business strategy.

Chief Executive – Group Plantations

Responsible for:

- Heads the Environment & Sustainability Committee.
- Approval of proposed sustainability policies.
- Oversees the sustainability implementation and update its progress to the Board.
- Represent Hap Seng Plantations in the (HSCB) Group Sustainability Committee.

Environment & Sustainability Committee

Responsible for:

- Develop and drive sustainability strategy, policies and goals.
- To discuss the sustainability performance, initiatives, and risks of operating units.
- To align Board's expectation and business strategy to the sustainability policies.

RSPO Sub-committee

Sustainability Team

Operating Units (Estates & Mills)

Responsible for:

- Maintaining sustainability performance and awareness across operating units.
- Ensure operating units adhere to all sustainability policies, practices and commitments.
- Gather feedback for continuous improvement from relevant stakeholders.
- Provide feedback to the Environment & Sustainability Committee from the inputs provided by the Sustainability Team and operating units.

MARKETPLACE

CORPORATE GOVERNANCE, TRANSPARENCY AND ANTI-CORRUPTION

Corporate Governance

The Board of Directors (the Board) is the highest governance body in the company and is responsible for the long-term success of Hap Seng Plantations. The Board consists of 10 members: Managing Director, three Executive Directors, one Non-independent Non-executive Directors, and five Independent Non-executive Directors. The Chairman is an independent Non-executive Chairman. The Board's composition reflects diversity in terms of gender, age, ethnicity, nationality, professional background, skills and experience. Two of the Directors on the Board are woman.

The Chief Executive - Group Plantations is responsible for the daily operations of Hap Seng Plantations. This includes the sustainability agenda. The Senior General Manager/General Managers/Deputy General Manager supervises each group of estates. The Plantation Management Committee, (consisting of respective Head of Department) and the Senior General Manager/General Managers/Deputy General Manager of operating units, meets monthly to review all operational matters.

Transparency and Anti-corruption

Hap Seng Plantations has established five fundamental principles in our code of conduct to instill and promote appropriate standards of conduct and ethical practices.

The code of conduct applies to our Board of Directors and management, as well as to all Hap Seng Plantations' employees. The Code is set up to prevent conflicts of interest among board members, management and staff, and also defines the parameter between work and personal activities.

Hap Seng Plantations is committed to working against corruption in all its forms, including extortion and bribery. Our Code of Conduct and Business Ethics Policy, which is incorporated in our employee handbook, prohibits giving

MARKETPLACE

and receiving all kinds of bribe or other benefits that may influence our employees' ability to carry out their duties legally and/or in line with company's interest. Any benefits or gifts must be declared to the immediate superior.

The Board has formulated a whistleblowing policy to encourage employees to report any fraud, corruption, serious financial misappropriation and abuse of power while providing them with protection once they have done so. Our whistleblowing policy enables internal and external stakeholders to report cases involving fraud, bribery, corruption and other irregularities directly to our Internal Audit Department. The Internal Audit Department is empowered to conduct investigation on suspected and reported incidents and has direct access to the Board.

In addition, we have a long-established formal avenue for employees to report any misconduct or unethical behaviour they have witnessed directly to the Managing Director. In FY2023, there were no reported corruption, extortion or bribery case involving our employees.

DATA PRIVACY AND SECURITY

We strictly adhere to the requirements of the Personal Data Protection Act (PDPA) 2010 in managing customer data, supported by a clear policy governing its collection, storage, and usage. Regular employee training on handling sensitive information reinforces this policy.

Access to customer personal data is restricted to authorized personnel within our operations. Annual reviews of user access to business systems across divisions are conducted by the IT Department to maintain security standards. Additionally, the division appoints a PDPA officer to oversee data privacy and security matters. Our commitment to data protection is strengthened by established policies, such as the Employee Personal Data Privacy Policy, ensuring proper management of employee data.

The IT Department proactively shields the organization from phishing attacks by continuously monitoring email systems. Reminders and alert notifications are issued to employees upon detecting suspicious emails, ensuring both staff and the company are protected from cyber threats.

Throughout the year under review, Hap Seng Plantations did not receive any substantiated complaints concerning breaches in customer privacy or data loss.

Benchmarking our Practices

Highlights	
Certifications	**Unit Certified**
RSPO	All mills & 81% 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*

ZSL SPOTT RANKING

17th Globally

4th in Malaysia

In FY2023, Hap Seng Plantations improved its SPOTT scores with an overall score of 83.0%, an improvement of 1.2% as compared to the score of 81.8% registered in FY2022.

Hap Seng Plantations also achieved various international and local certifications, including standards such as RSPO, MSPO, MSPO SCCS, ISCC EU, HACCP, ISO/IEC, HALAL and MeSTI.

In order to improve the quality and safety of our products, CPO washing plants were installed in November 2021 for BPOM and December 2021 for JPOM 1. Both plants were successfully commissioned in January 2022.

Soil Management Practices
Hap Seng Plantations adhere to best soil conservation practices as part of soil nutrient management, which determine 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 crop quality.

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. EFB, 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 as 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. To further enhance of recycling for nutrient-rich organic matters, we have planned to build a fiber mat plant at JPOM 1.

Integrated Pest Management (IPM)
IPM is one of the Good Agricultural Practices that Hap Seng Plantations deploys to control pests, pathogens and weeds so as to minimise the use of chemical pesticides. Other preventative measures include the establishment of fast-growing leguminous covers to accelerate decomposition of palm biomass.

We have also introduced a type of beneficial fungus (*Beauveria bassiana*), which is parasitic on various oil palm damaging arthropods, as well as a natural insecticidal bacterium (*Bacillus thuringiensis*) as natural pests control measures.

Pheromone traps are used across our estates to reduce the populations of Apogonia beetles, Rhinoceros beetles, Cockchafers and Odoratus, while diverting them from damaging the immature oil palm plantings.

Selective Chemical Application
We do not undertake blanket spraying of herbicides at Hap Seng Plantations. Weeds are treated on a block basis following an analysis of the problem in the area. Herbicide usage in plantation is usually cyclical and will increase with more new or immature plantings.

To minimise the usage of such chemicals, we regularly conduct pests & diseases (P&D) surveillance and monitoring. Chemical treatment is only implemented when the pest damage surpasses critical thresholds that have been established.

We (including all suppliers) are also committed to reduce and phase-out in stages by 2045 (when new alternate chemical is available) the use of pesticides that are categorized as World Health Organization (WHO) Class 1A and 1B pesticides and other chemicals specified in the Rotterdam and Stockholm conventions. Additionally, pollution prevention measures are implemented to prevent surface water runoff from the oil palm fields. Based on the pesticide usage recorded in FY2023, none of the pesticide used was categorized as Class 1a or Class 1b.

SUPPLY CHAIN MANAGEMENT

Currently, 5.4% of the FFB purchased from our third-party suppliers (independent local outgrowers and smallholders) are RSPO or MSPO certified as five out of the 11 independent local outgrowers and smallholders have successfully obtained both RSPO and MSPO certifications, while another three have obtained the MSPO certification as of December 2023.

87% of our FFB originates from our own plantations while the remaining 13% are from third parties. Nine out of our 11 independent local outgrowers and smallholders showed their willingness to support and participate in activities towards RSPO and MSPO certifications. The encouraging support motivated us to allocate significant efforts and resources in helping all 11 independent local outgrowers and smallholders in obtaining RSPO and MSPO certifications.

MARKETPLACE

Mill	Origin of FFB Sources	
	Own Plantation	Third Party
JPOM 1	299,324 MT (99.78%)	663 MT (0.22%)
JPOM 2	5,238 MT (11%)	43,834 MT (89%)
TPOM	94,499 MT (85%)	17,070 MT (15%)
BPOM	220,853 MT (89%)	28,383 MT (11%)
Total	**619,914 MT (87%)**	**89,950 MT (13%)**

We have achieved full traceability of the FFB that we procure through our efforts. Furthermore, of the traceable FFB, 79.50% are RSPO certified.

Traceability

100%
to FFB sources

Traceable and RSPO Certified

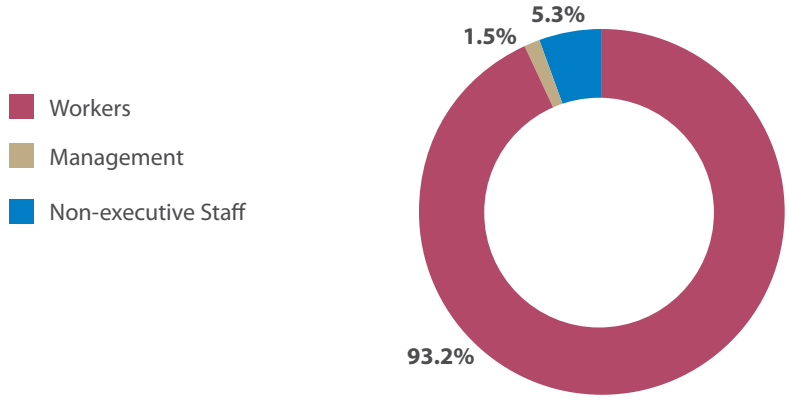
79.50%
of Certified & Sustainable FFB

WORKPLACE

WORKFORCE DIVERSITY

Hap Seng Plantations employs 8,046 people, reflecting the typical composition found in the plantation sector. Approximately 92% of our employees are manual workers based in the field and mill.

EMPLOYEES BY EMPLOYMENT CATEGORY



Supporting Women in Our Workplace

Hap Seng Plantations is committed to providing equal employment opportunity to all employees and does not discriminate based on gender. We also encourage married couples to apply for job openings, which can contribute to a more stable workforce.

We plan to improve our gender balance at the management level, where women are currently not well represented. This is partly due to relatively lower number of women educated in agricultural disciplines that working in plantation industry from which we draw our management candidates. We have two women in senior position and they sit on the company's board. While we have four female in the Senior Executive/Managerial level.

Lower representation of female employees can be partly attributed to the physically demanding job nature of the plantation industry. We are exploring ways to enhance the educational resources available within our plantations for their children to ensure that they have the support they need to succeed in their career.

WORKPLACE

LABOUR PRACTICES AND STANDARDS

All our workers are paid the required base wage of RM1,500 per month. This is the state minimum wage requirement since May 2022 as stipulated under the Minimum Wages Order 2022.

Beyond the base wage, workers are paid an additional daily rate based on tonnage of harvest, maturity of the field worked, and specific work tasks. During peak harvesting months, workers have the opportunity to earn up to RM 4,000 per month based on the amount of FFB they harvested.

Freedom of Association & Rights to Collective Bargaining

We recognise the right of our employees to form and join unions. We also have a grievance procedure that enables employees to raise issues and seek redress. There was no harassment case reported throughout the year under review.

Children in Our Plantations

We do not allow children or young person under the age of 18 to work in our estates. We conduct regular spot checks, and for the reporting period there were no reported incident of child labour.

We believe that the best means to eradicate child labour is the provision of decent quality education, in which we have been supporting through HUMANA schools and various children education initiatives.

Capacity Building

The Board of Directors endeavours to consistently acquire essential knowledge related to sustainability management, enabling well-informed decision-making. The Board of Directors recorded 139.5 hours of training in FY2023 which consist of ESG-related trainings such as ESG governance, climate risks and opportunities, disclosure requirements in accordance with International Sustainability Standards Board (ISSB) requirements and cybersecurity. List of training programme in which the Board of Directors engaged during FY2023 is available on page 27 of this annual report.

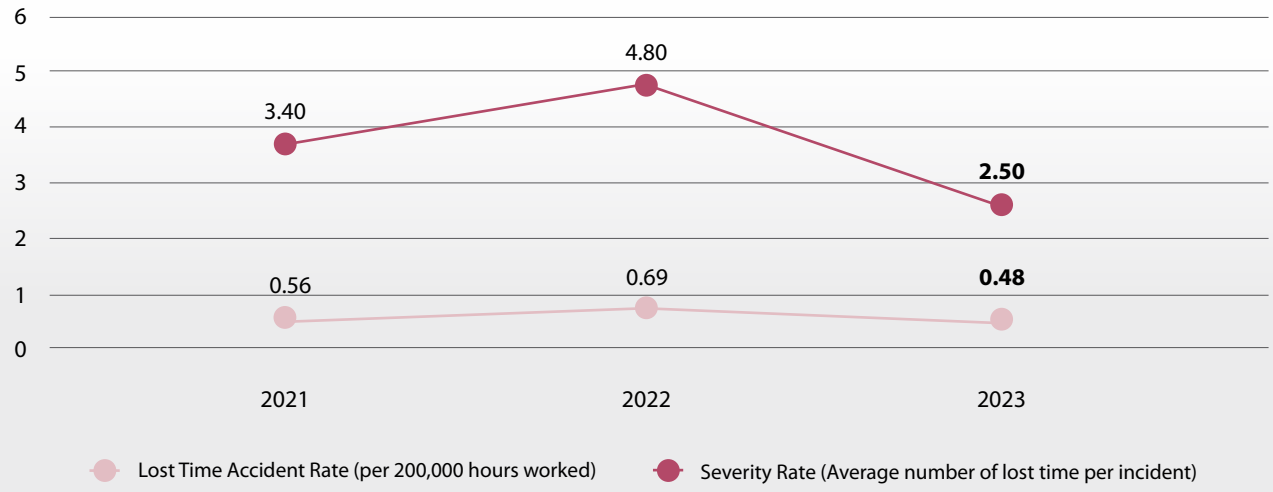
At Hap Seng Plantations, all staff and executives must undergo a 15-module Oil Palm Agriculture Policy (OPAP) programme that consist of best practices in estate management. A passing grade is mandatory for staff members and executives to advance in their work. From 2016 to 2023, additional syllabus on RSPO, MSPO, ISCC EU and Safety and Health were included to the programme, ensuring that staff and executives are well equipped to maintain and support our certification programme and safety efforts.

WORKPLACE

HEALTH AND SAFETY

No fatality was recorded in FY2023 while the Lost Time Accident Rate (LTAR) decreased by 14% from 0.56 per 200,000 hour worked in FY2021 to 0.48 per 200,000 hour worked in FY2023. The severity rate (average amount of lost time per incident decreased by 26% from 3.40 workday per incident in FY2021 to 2.50 workday per incident in FY2023.

LOST TIME ACCIDENT RATE



Our standard operating procedure (SOP) requires all accidents to be reported and recorded at our clinic while the Occupational Safety & Health (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 proper protective equipment to minimise future risks. Investigation reports are kept and maintained at each estate and oil mill.

We are employing the following strategies to achieve our objectives.

Our safety management plan includes:

- Annual training of SOP for each work unit.
- Daily monitoring of the work activity in each work unit by management representatives.
- Induction training on SOPs for every new employee.
- Safety committee meetings between management and worker representatives held on a quarterly basis to discuss actions required to improve the SOP of each work unit.
- Periodical reviews on Hazard Identification Risk Assessment and Risk Control (HIRARC) in order to improve control measures and reduce the risk of accidents.

ENVIRONMENT

ENVIRONMENT STEWARDSHIP

EMISSIONS MANAGEMENT

Hap Seng Plantations recognise that climate change is a major threat to the earth, 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 FY2023, our net carbon emissions per tonne of CPO reduced by 10% as compared to FY2022. The significant reduction was attributed to the commissioning of a new biogas facility at BPOM and reduction in the emissions from land use change due to reclassification of more oil palm planted areas as planting on non-forested land. Land use change accounts for 70% of our GHG emissions. The estates supplying FFB to BPOM were originally cleared decades ago and were left to regenerate until the 1990s when they were finally planted. Consequently, this land is classified as disturbed forest under the PalmGHG definitions.

Mills	MT CO_2-e/MT CPO (INCLUDING SCOPE 1 & SCOPE 2)			
	2019 Baseline	2021	2022	2023
JPOM 1	0.56	0.75	0.62	**0.58**
JPOM 2	1.62	1.11	1.30	**1.33**
BPOM	1.44	0.88	0.58	**0.69**
TPOM	1.34	1.29	1.22	**0.59**
Average	1.08	0.94	0.68	**0.61**

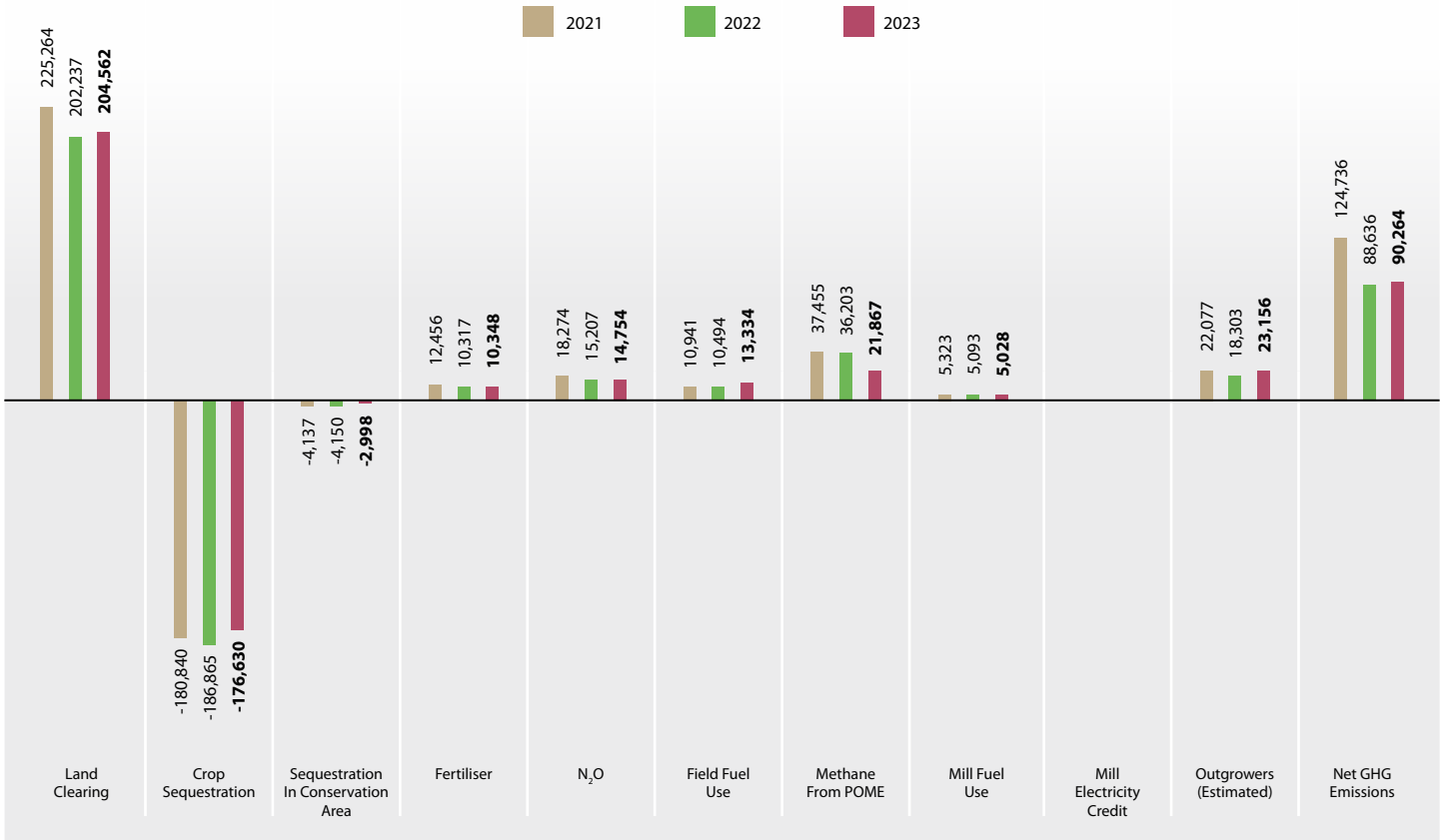
Note that the 2014 figures were calculated using RSPO PalmGHG v2.1.1. For 2016, 2017 and 2018 the figures used the PalmGHG v3.0.1 while for figures from 2019 onwards are based on the PalmGHG v4.0. RSPO advises that recalculation is not necessary.

We have also aligned our emissions to GHG Protocol using the data from PalmGHG. Direct GHG emissions (Scope 1) contributed 269,893 MT CO_2-e while the indirect GHG emissions (Scope 2) contributed 110 MT CO_2-e. The GHG emissions significantly reduced by the GHG sequestration and off-set gained from our conservation efforts and natural carbon removal capacity from the planted oil palm trees. GHG reduction from sequestration and off-set accounted for as much as 66% of our gross GHG emissions, resulted in net GHG emission of 90,375 MT CO_2-e.

FY2023	Emissions at MT CO_2-e
Scope 1 Emissions	269,893
Scope 2 Emissions	110
Gross GHG Emissions	270,003
GHG Sequestration & Off-set	179,628
Net GHG Emissions	**90,375**

Note: Emissions were based on the output of the RSPO PalmGHG calculator and mapped into scope 1 and scope 2 categories. Scope 2 emissions for Plantations only involve grid electricity consumption, with an emission factor of 0.425 Kg CO_2-e/kWh (Source: Malaysia Energy Information Hub, Suruhanjaya Tenaga).

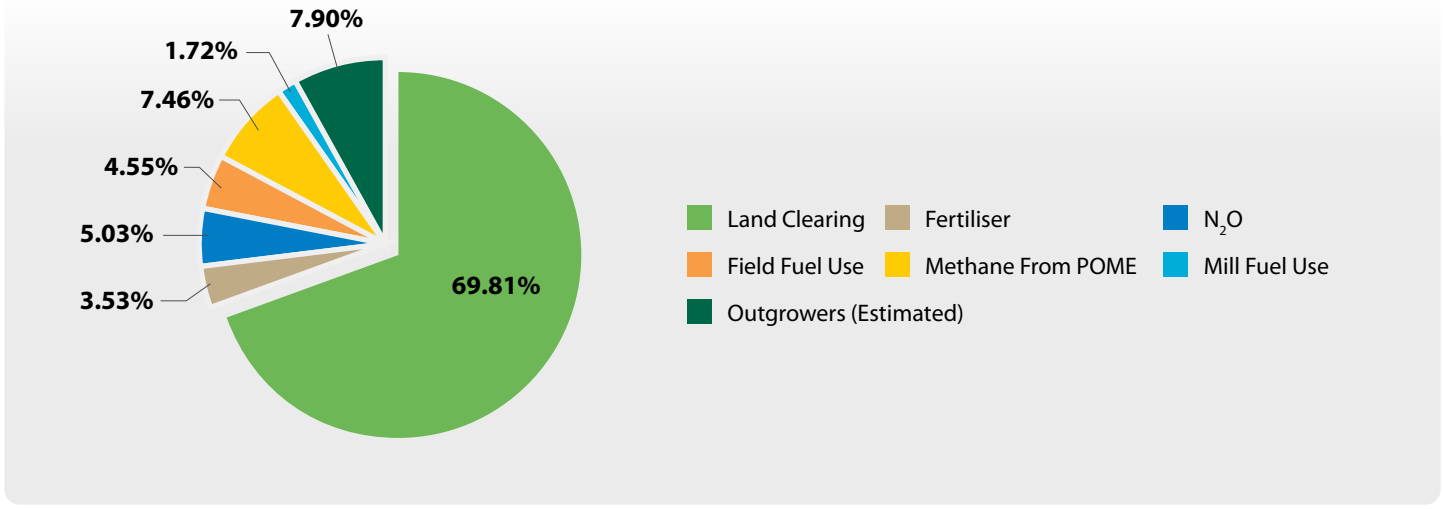
GROUP EMISSION SOURCES AND SINKS (MT CO_2-e)



Note: Peat and POME electricity credits have been omitted, as there are no emissions or offsets in these categories. Net GHG emissions do not include estimated emissions from outgrowers.

ENVIRONMENT

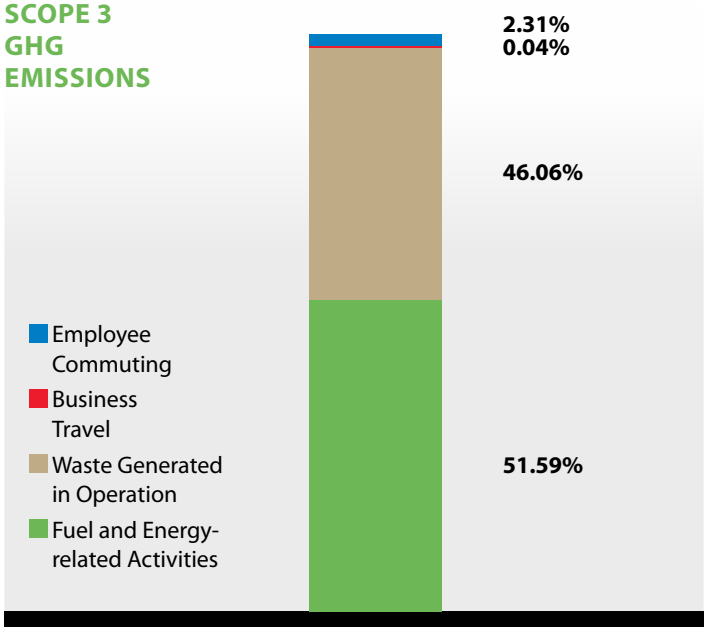
GROSS EMISSION BY SOURCE



To gain a comprehensive understanding of our potential emissions reduction throughout our value chain, we have been quantifying scope 3 emissions. We recognise that full quantification of scope 3 emissions can be a complex and time-consuming process. Therefore, we plan to disclose our data progressively as we continue to develop our internal capacity to improve data accuracy and reliability. In FY2023, we have quantified emissions from business travel for employees as added category of our scope 3 GHG emissions.

Our quantification of scope 3 emissions has revealed that more than half of the reported scope 3 emissions was attributed to indirect fuel and energy-related activities utilised by the operations. A long-term transition plan towards increasing utilisation of renewable fuel is essential to significantly lowering indirect emissions resulting from the production of energy.

SCOPE 3 GHG EMISSIONS



Summary of Scope 3 GHG Emissions (HSP) FY2023

Scope 3 Emission Categories	Unit	Plantations	%
Fuel and Energy-related Activities	T CO_2-e	5,267.76	51.59%
Waste Generated in Operations		4,702.50	46.06%
Business Travel		3.87	0.04%
Employee Commuting		235.84	2.31%
Total		**10,209.97**	

Indirect emissions from waste generation contributed about 46% to the quantified scope 3 emission. Our current recycling efforts have partially mitigated the emissions from generated waste by reducing the amount of waste sent to landfills. In FY2023, the operations avoided 209,461 MT CO_2-e by recycling and reusing about 331,084 tonnes of waste. Majority of the waste was generated from oil palm biomass, which include oil palm fibre, empty fruit bunches, decanter solids and boiler ash. Oil palm fibre was utilised to generate renewable energy in the boiler for milling process, while the empty fruit bunches, decanter solids and boiler ash were reused for composting as part of soil management and improve the soil nutrient content in the oil palm estates.

Both business travel and employee commuting contributed about 2.4% of the overall measured scope 3 emission. Emissions resulting from employee commuting to work are fully attributable to the consumption of petrol and biodiesel by internal combustion vehicles. However, the emissions contribution from employee commuting is insignificant in plantation compared to other quantified scope 3 emission categories, as most employees reside nearby or within the estate community.

ENERGY MANAGEMENT

We use direct energy from fossil fuels, such as diesel and petrol, to operate mechanised equipment and for vehicles to transport FFB from our estates to the mills. Additionally, we use fossil fuels for FFB processing in the mills, as well as for vehicles to transport CPO from the mills to ports or our customers. We also use fossil fuels to provide power to our employees' housing. In FY2023, our estates used a total of 12,374 litres of petrol, for transportation purposes.

We have reduced our reliance of fossil fuel for FFB processing and employee housing through the energy generated by our two biogas plants. We are now focusing on building another biogas facility at TPOM which should further reduce our fossil fuel usage.

No	Diesel Usage for	Estate/Mill	Volume (Litre)
1	Genset	Mill	512,929
		Estate	1,901,189
2	Transport	Mill	1,070,339
		Estate	3,960,957
3	Process	Mill	28,148

Non-renewable Energy	Renewable Energy
Petrol	Oil palm fibre
Grid Electricity	Biogas
	Biodiesel (B7)

FY2023	Unit	
Non-renewable Energy	MJ	279,348,866.86
Renewable Energy		1,576,313,713.65
Excess Electricity Feed to Grid		0.00
Total Energy Consumption		1,855,662,580.51
Energy Intensity	MJ/MT CPO Sales	12,530.47

ENVIRONMENT

Our operations consumed 1.856 billion MJ of energy derived from renewable and non-renewable energy. Renewable energy generated from biogas plant, burning of biomass and utilisation of biodiesel constitute 85% of the overall energy consumption. Dependency on grid electricity and petrol usage was significantly mitigated through high utilisation of renewable energy.

Renewable Energy at Hap Seng Plantations

In line with our goal of reducing both GHG and BOD levels, we have commissioned two biogas plants to capture methane from POME and convert them into electricity. This process will not only reduce the amount of methane released into the environment but also decreases our dependence on fossil fuels for energy generation. Additionally, 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 currently powering our three mills at JGOE (in Kapis Estate, Batangan Estate and SK Jeroco local school) and SSGOE (in Plantations Central Office, Sungai Segama Estate, Bukit Mas Estate and Humana 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 2022 – 8,287,546 2023 – 9,014,794 **Total = 54,537,055**	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 2022 – 6,386,279 2023 – 7,520,129 **Total = 25,943,041**	BPOM	Office area, BPOM operation and workers housing (BME & SSE).

WATER MANAGEMENT

In Hap Seng Plantations, we are utilising water sourced from ponds and rainwater for our operations and domestic consumption. In FY2023, we have withdrawn 8,819 ML of water. Aside from ensuring water security within our operations, we also committed to ensure the generated wastewater is treated and discharged in accordance with the Environmental Quality Act 1974. Most of the 817 ML of wastewater was discharged as treated POME which was eventually utilised for field irrigation purposes within our estates. Analysis using the World Resources Institute's Aqueduct Tool shows that none of our estates and mills are in water-stressed areas. Nevertheless, we continue to utilise rainwater harvesting facilities at our buildings as a cost-saving measure and to mitigate potential future water stress resulting from climate change. Additionally, using rainwater reduces the need of chemicals for water treatment.

ENVIRONMENT

FY2023	Source of Water Withdrawal (ML)	
	Freshwater (≤1,000 mg/l Total Dissolved Solids)	Freshwater (>1,000 mg/l Total Dissolved Solids)
Surface Water	8,819.01	0.00
Groundwater	0.00	0.00
Seawater	0.00	0.00
Third-Party Water	0.00	0.00
Total	**8,819.01**	**0.00**

FY2023	Destination of Water Discharge (ML)
Surface Water	817.16
Groundwater	0.00
Seawater	0.00
Third-Party Water	0.00
Total	**817.16**

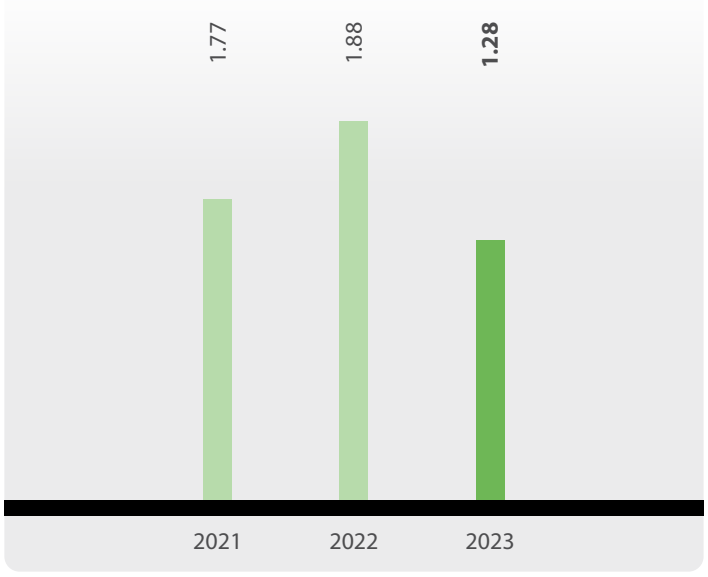
Water Consumption (ML)
8,001.86

* *ML: Megalitre*

Water Efficiency

In FY2023, the total amount of water used for FFB processing in mills has decreased to 1.28 m^3/ MT FFB (FY2022: 1.88 m^3/ MT FFB).

WATER USAGE IN MILLS (m^3/MT FFB)



Rainwater Harvesting

Hap Seng Plantations began implementing rainwater harvesting system in 2015, in accordance with the Ministry of Health's guidelines and the National Water Quality Standards. The system is designed to help us better manage our water resources, ensuring that our mills have six months reserves of water to maintain a continuous supply throughout the year.

As host to the 8,046 employees and their families, managing water for our domestic consumption is just as important as managing water for our operations. We have therefore supplemented our treated water sources with additional supply from rainwater harvesting to ensure sufficient water resources availability. Almost all our houses were equipped with a rainwater harvesting system, which collected approximately 7,149 ML of rainwater in FY2023.

WASTE MANAGEMENT

Waste Management Programme

In FY2023, we generated 331,243 MT of waste and managed to recycle 331,084 MT of recyclable wastes. Most of the recycled wastes consist of oil palm biomass recycled for energy generation and soil nutrient enhancement purposed. Other recycled wastes consist of paper, metal, plastics, boiler ash and other recyclable waste that were collected by waste collector for recycling.

ENVIRONMENT

Waste Management	Unit	Scheduled Waste	Non-Scheduled Waste	Total
Waste Generated	MT	78.17	331,164.43	331,242.60
Waste Recycled & Reused		0.00	331,083.58	331,083.58
Waste Disposed		78.17	80.85	159.02

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 producer and in line with our goal for better waste management, Hap Seng Plantations has introduced a waste management programme to collect plastic bottles, paper and aluminium. Storage facilities for recycling waste were built at JGOE, SSGOE, TMGOE, Kawa and Pelipikan estates. To support the initiative, workers have been educated on the importance of waste recycling as part of their environmental sustainability training.

BIODIVERSITY MANAGEMENT

Protecting Our Rivers and Riverbanks

Hap Seng Plantations has developed and implemented a comprehensive water management plan to maintain the quality and availability of surface and ground water in ensuring future water security.

Palms planted along streams within our estates are marked with a red circle. The markings indicate that the area shall be free from chemical spraying and manuring activities. Workers are also regularly educated on the importance of maintaining riparian reserves.

Hap Seng Plantations has introduced monthly riparian monitoring to comply with the requirements of the Sabah Water Resources Enactment 1998. For FY2023, we continue 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 an authorised consultant registered with the Environment Protection Department of Sabah to monitor and inspect river quality on quarterly basis. There has been no significant issue raised by the consultant during the reporting period.

Conserving Biodiversity

Most of our plantings were on land that was previously used for other agricultural purposes. Furthermore, a large part of our land borders other plantations rather than forest. Nevertheless, we have allocated approximately 1,400 hectares or about 3.5% of our total land bank for conservation.

An assessment and a comprehensive management plan have been completed for our HCV area at Bukit Kibos Hill, a 75-hectare area located near to our headquarters. The management plan is monitored and reviewed annually by our internal assessment team.

Although a formal HCV assessment was never required by the RSPO for our HCV area, as there has been neither land clearing nor conversion since November 2015, we took the initiative to appoint an RSPO-approved HCV assessor to conduct a supplementary assessment. This assessment found that the area is home to diverse species of fauna.

We continued to monitor potential deforestation activity of our own and suppliers' estates on monthly basis. This is part of our commitment to our Sustainable Agriculture Policy. The monitoring covers the buffer zone boundary along the forest reserve area. In FY2023, we have not detected any evidence of deforestation taking place within our boundaries. There was also no deforestation activity reported on our FFB suppliers. The monitoring report is published on our website.

COMMUNITY

COMMUNITY AND SOCIETY

In FY2023, Hap Seng Plantations has an estimated 2,651 hectares of land for development of buildings and infrastructure, including residential buildings, medical clinics, sundry shops and recreational facilities.

Good housing is provided to all of our 8,046 employees and their families. Workers' quarters are designed to incorporate a sufficient plot of land for cultivation of food. In addition, each estate has a shop that has been granted permission to operate by the company. The management regularly monitors the prices to ensure that goods remain affordable. 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
Good housing with garden plots

4
Clinics with wards*

16
Full-time nurses*

4
Visiting doctors*

4
Medical assistants*

6
Ambulance*

21
Shops*

2
X-ray equipment (SSGOE & JGOE)*

117km
of road for nearby villages*

2
24-hour ferry – accessible to nearby villages*

1
Audiometric room facility (JGOE)

Education

9
Humana schools

Recreational facilities

4
Clubhouse

7
Other facilities (e.g. hall)

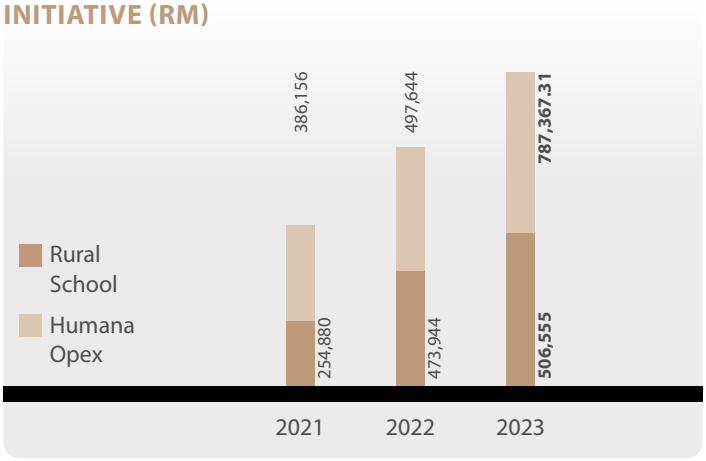
* *Accessible to local communities*

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. This comes in the form of quality housing, social and religious amenities, recreational and medical facilities as well as transportation and infrastructural facilities.

Investing in Education for Our Community

HAP SENG PLANTATIONS EDUCATION INITIATIVE (RM)



Hap Seng Plantations believes in the role of education in poverty eradication. As a result, we invest significantly in education for our community. Due to our remote location and the presence of children of foreign workers, one of our key initiatives is to provide these children with access to schools. To achieve this, we collaborate with Humana Child Aid Society, a social non-governmental organisation that provides education to thousands of children living in plantations and other remote areas of Sabah, where schools are inaccessible.

Main Capacity Building Programmes in FY2023

HSG Giving Back Together: Education Roundtable

HSG Giving Back Together is a flagship CSR initiative by Hap Seng Group to foster collaboration and drive positive change in Malaysia's education landscape. As a follow-up to our inaugural Education Roundtable in 2017, this programme consists of a series of Education Roundtables, including the Sabah and KL Editions. The primary purpose is to gather corporate partners, foundations, social enterprises, NGOs, and other stakeholders to facilitate collaborative discussions and knowledge-sharing within the education sector.

HSG EXPLORE! 2.0

HSG Explore 2.0 is a flagship CSR programme of Hap Seng Group, now in its 7th year, aimed at nurturing leadership and fostering personal development among youth in Sabah. This year, the programme extends its reach to Tawau, Semporna, and Kota Kinabalu. Through monthly sessions focused on collaboration, communication, creativity, and critical thinking, students engage in group-based life simulation programmes and career readiness activities. Teachers serve as coaches, facilitating a safe and open environment for students to thrive and stay motivated. The programme culminates in Explore Camps and Conventions, providing a platform for students to showcase their projects and achievements, while acknowledging the contributions of students, parents, and teachers.

COMMUNITY

HSG Ignite Digital Maker 4.0

The Digital Maker programme was introduced in Lahad Datu District schools following its success in various districts throughout Sabah. The programme is part of a larger strategy aimed at promoting STEM (science, technology, engineering and mathematics) education and increasing digital literacy in Sabah. Recognising the benefits of this programme to the students and teachers, Hap Seng Plantations contributed RM149,971 to this programme in FY2023.

The programme offers a comprehensive training programme consisting of bootcamps and workshops designed to teach 40 primary school teachers from different schools about digital conceptualisation, creativity, and innovation. These skills will then be imparted to students through collaborative team projects. By training teachers and empowering students with digital skills, the programme aims to make a lasting impact on the education landscape in Sabah and increase access to digital literacy for all members of the community.

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2021	2022	2023
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	550,796.00	1,283,196.19	1,293,922.31
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,166	1,724	2,269
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	3.00	100.00	100.00
Executive	Percentage	0.00	100.00	100.00
Non-executive/Technical Staff	Percentage	0.00	100.00	100.00
General Workers	Percentage	0.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	1.40	0.00	0.00
Management Between 30-50	Percentage	49.30	52.10	53.50
Management Above 50	Percentage	49.30	47.90	46.50
Executive Under 30	Percentage	13.50	20.40	17.40
Executive Between 30-50	Percentage	65.20	57.00	60.90
Executive Above 50	Percentage	21.30	22.60	21.70
Non-executive/Technical Staff Under 30	Percentage	13.00	6.50	6.90
Non-executive/Technical Staff Between 30-50	Percentage	78.30	80.60	72.40
Non-executive/Technical Staff Above 50	Percentage	8.70	12.90	20.70
General Workers Under 30	Percentage	32.80	36.90	35.40
General Workers Between 30-50	Percentage	58.10	54.80	54.80
General Workers Above 50	Percentage	9.10	8.30	9.80
Gender Group by Employee Category				
Management Male	Percentage	93.30	89.30	90.00
Management Female	Percentage	6.70	10.70	10.00
Executive Male	Percentage	75.20	68.90	72.70
Executive Female	Percentage	24.80	31.10	27.30
Non-executive/Technical Staff Male	Percentage	63.10	61.70	62.90
Non-executive/Technical Staff Female	Percentage	36.90	38.30	37.10
General Workers Male	Percentage	64.40	66.90	67.30
General Workers Female	Percentage	35.60	33.10	32.70
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	84.60	83.30	80.00
Female	Percentage	15.40	16.70	20.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	145,280.72	488,386.44	515,461.83

Internal assurance | External assurance | No assurance | (*)Restated

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2021	2022	2023
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.56	0.69	0.48
Bursa C5(c) Number of employees trained on health and safety standards	Number	12	202	171
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	125	113	214
Executive	Hours	200	326	452
Non-executive/Technical Staff	Hours	395	355	621
General Workers	Hours	No Data Provided	No Data Provided	No Data Provided
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	3	6	12
Executive	Number	10	17	30
Non-executive/Technical Staff	Number	53	51	75
General Workers	Number	1,652	2,037	1,701
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00	100.00	100.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	2,518.250000	20,899.280000	8,001.860000

Internal assurance | External assurance | No assurance | (*)Restated

Note: The training hour data for General Workers was combined into the data for Non-executive/Technical Staff

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, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 2023 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

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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 2023.

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	91,369	51,848

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or 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 2022 as reported in the Directors' report of that year, a second interim dividend of 7 sen per ordinary share under the single-tier system totalling RM55,977,964 declared on 22 February 2023 and paid on 22 March 2023; and

(ii) In respect of the financial year ended 31 December 2023, a first interim dividend of 1.5 sen per ordinary share under the single-tier system totalling RM11,995,277 declared on 23 August 2023 and paid on 21 September 2023.

On 27 February 2024, the Board of Directors approved a second interim dividend of 5.3 sen per ordinary share under the single-tier system in respect of the financial year ended 31 December 2023, amounting to a total of RM42,383,313 which was paid on 27 March 2024. 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 2024.

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2023.

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 **
Chong Kwea Seng
Choy Khai Choon
Tan Sri Amirsham Bin A Aziz
Datuk Hamisa Binti Samat
Andrew John Barber (Retired on 24 May 2023)
Late Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP (Deceased on 23 September 2023)

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

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 1.1.2023	Bought	Sold	At 31.12.2023
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				
Dato' Mohammed Bin Haji Che Hussein	17,200	-	-	17,200
Datuk Simon Shim Kong Yip, JP	180,000	-	-	180,000
Au Yong Siew Fah	180,000	-	-	180,000

None of the other Directors of the Company holding office at 31 December 2023 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 or the fixed salary of a full time employee of the Company or of related corporation as shown below) 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 23 to the financial statements.

DIRECTORS' BENEFITS (CONTINUED)

The Directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	734	734
Remuneration	3,675	1,429
Benefits-in-kind	124	-
	4,533	2,163

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.

ISSUE OF SHARES

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

TREASURY SHARES

At the annual general meeting of the Company held on 24 May 2023, 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 2023, 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 RM27,500.

MATERIAL LITIGATIONS

Details of material litigations are disclosed in Note 24 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 2023 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.

DIRECTORS' REPORT

AUDITORS

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

The auditors' remuneration for the Group and the Company for the current financial year are RM395,000 and RM90,000 respectively.

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

18 April 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	**1,734,004**	1,732,233	**107**	185
Investment in subsidiaries	4	**-**	-	**1,597,001**	1,575,963
Total non-current assets		**1,734,004**	1,732,233	**1,597,108**	1,576,148
Inventories	5	**100,916**	119,545	**-**	-
Biological assets	6	**20,433**	28,508	**-**	-
Receivables	7	**12,628**	9,204	**90**	51,005
Tax recoverable		**27,561**	25,117	**-**	44
Money market deposits		**395,724**	339,586	**106,287**	69,434
Cash and cash equivalents	8	**135,780**	166,336	**2,676**	25,670
Total current assets		**693,042**	688,296	**109,053**	146,153
Total assets		**2,427,046**	2,420,529	**1,706,161**	1,722,301
Equity					
Share capital	9	**1,475,578**	1,475,578	**1,475,578**	1,475,578
Merger reserves	9	**(1,347,761)**	(1,347,761)	**-**	-
Retained earnings		**1,825,671**	1,802,275	**230,092**	246,217
		1,953,488	1,930,092	**1,705,670**	1,721,795
Less: Treasury shares	9	**(841)**	(841)	**(841)**	(841)
Total equity		**1,952,647**	1,929,251	**1,704,829**	1,720,954
Liabilities					
Deferred tax liabilities	10	**362,106**	362,043	**10**	11
Lease liabilities		**57,759**	57,861	**-**	-
Total non-current liabilities		**419,865**	419,904	**10**	11
Payables	11	**44,816**	61,282	**1,275**	1,322
Tax payable		**47**	-	**47**	-
Lease liabilities		**9,671**	10,092	**-**	14
Total current liabilities		**54,534**	71,374	**1,322**	1,336
Total liabilities		**474,399**	491,278	**1,332**	1,347
Total equity and liabilities		**2,427,046**	2,420,529	**1,706,161**	1,722,301

The notes on pages 83 to 116 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	12	**667,835**	814,554	**82,648**	177,893
Cost of sales		**(471,307)**	(436,549)	**-**	-
Gross profit		**196,528**	378,005	**82,648**	177,893
Other operating income		**32,766**	42,972	**2,600**	2,052
Distribution expenses		**(48,147)**	(74,619)	**-**	-
Administrative expenses		**(31,011)**	(32,330)	**(3,864)**	(3,922)
Other operating expenses		**(26,729)**	(47,079)	**(29,355)**	(10,954)
Operating profit		**123,407**	266,949	**52,029**	165,069
Finance costs	13	**(3,159)**	(2,976)	**-**	(1)
Profit before tax	14	**120,248**	263,973	**52,029**	165,068
Tax expense	16	**(28,879)**	(53,658)	**(181)**	(34)
Profit and total comprehensive income for the year		**91,369**	210,315	**51,848**	165,034
Basic earnings per ordinary share (sen)	17	**11.43**	26.30		

The notes on pages 83 to 116 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

		← 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 2022		1,475,578	(1,347,761)	1,755,895	(841)	1,882,871
Profit and total comprehensive income for the year		-	-	210,315	-	210,315
Dividends	18	-	-	(163,935)	-	(163,935)
At 31 December 2022/ 1 January 2023		**1,475,578**	**(1,347,761)**	**1,802,275**	**(841)**	**1,929,251**
Profit and total comprehensive income for the year		**-**	**-**	**91,369**	**-**	**91,369**
Dividends	18	**-**	**-**	**(67,973)**	**-**	**(67,973)**
At 31 December 2023		**1,475,578**	**(1,347,761)**	**1,825,671**	**(841)**	**1,952,647**
		Note 9	Note 9		Note 9	

The notes on pages 83 to 116 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

		←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 2022		1,475,578	245,118	(841)	1,719,855
Profit and total comprehensive income for the year		-	165,034	-	165,034
Dividends	18	-	(163,935)	-	(163,935)
At 31 December 2022/ 1 January 2023		**1,475,578**	**246,217**	**(841)**	**1,720,954**
Profit and total comprehensive income for the year		**-**	**51,848**	**-**	**51,848**
Dividends	18	**-**	**(67,973)**	**-**	**(67,973)**
At 31 December 2023		**1,475,578**	**230,092**	**(841)**	**1,704,829**
		Note 9		Note 9	

The notes on pages 83 to 116 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from operating activities					
Profit before tax		**120,248**	263,973	**52,029**	165,068
Adjustments for:					
Depreciation of property, plant and equipment	3	**85,911**	84,694	**78**	75
Dividend income		**(2,940)**	(401)	**(82,960)**	(177,943)
Gain on money market deposits at fair value		**(9,766)**	(8,717)	**(2,101)**	(1,973)
Interest income		**(3,891)**	(2,047)	**(187)**	(29)
Interest expense		**3,159**	2,976	**-**	1
Impairment loss on investment in subsidiaries		**-**	-	**29,277**	10,879
Gain on disposal of assets held for sale		**-**	(18,824)	**-**	-
Gain on disposal of property, plant and equipment		**(224)**	(174)	**-**	-
Net loss from fair value adjustments of biological assets	6	**8,075**	29,213	**-**	-
Property, plant and equipment written off		**994**	226	**-**	-
Operating profit/(loss) before changes in working capital		**201,566**	350,919	**(3,864)**	(3,922)
Change in inventories		**18,629**	(28,467)	**-**	-
Change in receivables		**(3,424)**	5,062	**600**	(36)
Change in payables		**(16,466)**	9,505	**(47)**	35
Cash generated from/(used in) operations		**200,305**	337,019	**(3,311)**	(3,923)
Interest received		**3,891**	2,047	**187**	29
Interest paid		**(3,159)**	(2,976)	**-**	(1)
Tax paid		**(31,213)**	(90,011)	**(91)**	(42)
Net cash from/(used in) operating activities		**169,824**	246,079	**(3,215)**	(3,937)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from investing activities					
Dividends received from money market deposits		**2,940**	401	**312**	50
Dividends received from subsidiaries		**-**	-	**82,648**	177,893
(Increase)/Decrease in money market deposits		**(46,372)**	(34,232)	**(34,752)**	14,790
Proceeds from disposal of assets held for sale		**-**	84,925	**-**	-
Proceeds from disposal of property, plant and equipment		**224**	680	**-**	-
Acquisition of property, plant and equipment	3(a)	**(78,150)**	(79,025)	**-**	(13)
Net cash (used in)/from investing activities		**(121,358)**	(27,251)	**48,208**	192,720
Cash flows from financing activities					
Dividends paid	18	**(67,973)**	(163,935)	**(67,973)**	(163,935)
Payment of lease liabilities		**(11,049)**	(9,597)	**(14)**	(14)
Net cash used in financing activities		**(79,022)**	(173,532)	**(67,987)**	(163,949)
Net change in cash and cash equivalents		**(30,556)**	45,296	**(22,994)**	24,834
Cash and cash equivalents at 1 January		**166,336**	121,040	**25,670**	836
Cash and cash equivalents at 31 December	8	**135,780**	166,336	**2,676**	25,670

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

Cash outflows for leases as a lessee:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Included in net cash from operating activities:				
Interest paid in relation to lease liabilities	**(3,159)**	(2,976)	**-**	(1)
Included in net cash from financing activities:				
Payment of lease liabilities	**(11,049)**	(9,597)	**(14)**	(14)
Total cash outflows for leases	**(14,208)**	(12,573)	**(14)**	(15)

Changes in liabilities arising from financing activities:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
At 1 January	**67,953**	49,486	**14**	28
Cash flows	**(11,049)**	(9,597)	**(14)**	(14)
Addition of new lease	**10,526**	28,064	**-**	-
At 31 December	**67,430**	67,953	**-**	14

The notes on pages 83 to 116 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 2023 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 18 April 2024.

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"], IFRS Accounting Standards as issued by the International Accounting Standards Board ["IFRS Accounting 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
Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*	1 January 2024
Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*	1 January 2025
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.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(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. MATERIAL ACCOUNTING POLICIES

The Group and the Company adopted the following amendments:

Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosure of Accounting Policies*, effective from 1 January 2023

This amendments require the disclosure of 'material' rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements.

Amendments to MFRS 112, *Income Taxes International Tax Reform – Pillar Two Model Rules*, upon their release on 2 June 2023

This amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax which is applied retrospectively. Since the newly enacted tax legislation in Malaysia will only come into effect in year 2025, there is no current tax impact for the current year ended 31 December 2023. The Group and the Company will continue to assess the impact that may arise from the adoption.

The material accounting policies are set out below and 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

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.

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.

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Leases

(i) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(ii) Lease and non-lease components

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.

(iii) Recognition exemption

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.

(iv) Subsequent measurement

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.

(d) Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs to sell.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

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

The cost of inventories is calculated using the 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.

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.

(f) Receivables

Trade and other receivables are categorised and measured as financial assets at amortised cost.

(g) Impairment – 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.

(h) 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.

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 2022	280,895	283,271	306,963	20,147	13,765	595,269	1,159,416	2,659,726
Additions	54	8	5,251	1,726	32,489	38,897	28,664	107,089
Derecognition	-	-	-	-	-	-	(19,705)	(19,705)
Disposals	(842)	-	(1,523)	(17)	-	-	-	(2,382)
Written off	-	(366)	(1,461)	(18)	-	-	-	(1,845)
Reclassifications	15,065	3,073	20,991	(34)	(39,095)	-	-	-
At 31 December 2022/ 1 January 2023	**295,172**	**285,986**	**330,221**	**21,804**	**7,159**	**634,166**	**1,168,375**	**2,742,883**
Additions	**4**	**863**	**4,315**	**1,500**	**32,218**	**39,250**	**10,526**	**88,676**
Derecognition	**-**	**-**	**-**	**-**	**-**	**-**	**(7,478)**	**(7,478)**
Disposals	**-**	**-**	**(2,117)**	**-**	**-**	**-**	**-**	**(2,117)**
Written off	**-**	**(26)**	**(5,343)**	**(113)**	**-**	**(58,405)**	**-**	**(63,887)**
Reclassifications	**15,719**	**2,595**	**7,191**	**3**	**(25,508)**	**-**	**-**	**-**
At 31 December 2023	**310,895**	**289,418**	**334,267**	**23,194**	**13,869**	**615,011**	**1,171,423**	**2,758,077**

NOTES TO THE FINANCIAL STATEMENTS

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 2022	81,853	156,588	214,284	16,207	-	343,185	137,039	949,156
Charge for the year	10,538	12,502	16,270	1,476	-	18,961	24,947	84,694
Derecognition	-	-	-	-	-	-	(19,705)	(19,705)
Disposals	(531)	-	(1,345)	-	-	-	-	(1,876)
Written off	-	(334)	(1,267)	(18)	-	-	-	(1,619)
Reclassification	33	(33)	(54)	54	-	-	-	-
At 31 December 2022/ 1 January 2023	**91,893**	**168,723**	**227,888**	**17,719**	**-**	**362,146**	**142,281**	**1,010,650**
Charge for the year	**11,058**	**12,330**	**15,940**	**1,563**	**-**	**18,911**	**26,109**	**85,911**
Derecognition	**-**	**-**	**-**	**-**	**-**	**-**	**(7,478)**	**(7,478)**
Disposals	**-**	**-**	**(2,117)**	**-**	**-**	**-**	**-**	**(2,117)**
Written off	**-**	**(26)**	**(4,373)**	**(89)**	**-**	**(58,405)**	**-**	**(62,893)**
At 31 December 2023	**102,951**	**181,027**	**237,338**	**19,193**	**-**	**322,652**	**160,912**	**1,024,073**
Carrying amounts								
At 31 December 2022	203,279	117,263	102,333	4,085	7,159	272,020	1,026,094	1,732,233
At 31 December 2023	**207,944**	**108,391**	**96,929**	**4,001**	**13,869**	**292,359**	**1,010,511**	**1,734,004**

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM88,676,000 (2022: RM107,089,000), which are satisfied by the following:

	Group	
	2023 RM'000	**2022 RM'000**
Cash payments on purchase of property, plant and equipment	**78,150**	79,025
Additions of right-of-use assets by way of lease commitment	**10,526**	28,064
	88,676	107,089

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 2022	979,564	28,855	13,591	367	1,022,377
Additions	600	-	28,064	-	28,664
Depreciation charge for the year	(14,436)	(613)	(9,714)	(184)	(24,947)
At 31 December 2022/ 1 January 2023	**965,728**	**28,242**	**31,941**	**183**	**1,026,094**
Additions	**-**	**-**	**10,526**	**-**	**10,526**
Depreciation charge for the year	**(14,437)**	**(613)**	**(10,876)**	**(183)**	**(26,109)**
At 31 December 2023	**951,291**	**27,629**	**31,591**	**-**	**1,010,511**

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 RM28,375,000 (2022: RM28,840,000) 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) ["Native Condition"]. In year 2022, the Land and Survey Department in Kota Kinabalu had granted further extension up to July 2027 to comply with the Native Condition.

(d) Private caveat was entered by third parties on the Group's leasehold land with carrying amount of RM64,833,000 (2022: RM65,703,000) as disclosed in Note 24(a) to the financial statements.

(e) The Group has evaluated whether the underlying property, plant and equipment including 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 the recoverable amount is higher than their respective carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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 2022	187	296	42	525
Additions	13	-	-	13
At 31 December 2022/1 January 2023	**200**	**296**	**42**	**538**
Derecognition	**-**	**-**	**(42)**	**(42)**
At 31 December 2023	**200**	**296**	**-**	**496**
Accumulated depreciation				
At 1 January 2022	185	79	14	278
Charge for the year	2	59	14	75
At 31 December 2022/1 January 2023	**187**	**138**	**28**	**353**
Charge for the year	**5**	**59**	**14**	**78**
Derecognition	**-**	**-**	**(42)**	**(42)**
At 31 December 2023	**192**	**197**	**-**	**389**
Carrying amounts				
At 31 December 2022	13	158	14	185
At 31 December 2023	**8**	**99**	**-**	**107**

In the previous financial year, the Company acquired property, plant and equipment with an aggregate cost of RM13,000, which are satisfied by cash payments.

4. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	**2022 RM'000**
Unquoted shares, at cost	**1,672,366**	1,622,051
Less: Impairment loss	**(75,365)**	(46,088)
	1,597,001	1,575,963

During the financial year, the Company subscribed for additional shares in subsidiaries by way of capitalising the amount due from the subsidiaries of RM50,315,000.

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 an impairment loss on investment in subsidiaries of RM29,277,000 (2022: RM10,879,000) on the basis that the carrying amounts exceeded recoverable amounts.

Details of the subsidiaries as at 31 December 2023 which are all incorporated and have their principal place of business in Malaysia are as follows:

		Effective ownership interest and voting interest (%)	
Name of subsidiaries	**Principal activities**	**2023**	**2022**
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 (Tampilit) Sdn. Bhd	Cultivation of oil palm	**100**	100
Hap Seng Plantations (Wecan) Sdn. Bhd.	Cultivation of oil palm	**100**	100
Jeroco Plantations Sdn. Bhd.	Cultivation of oil palm and processing of fresh fruit bunches	**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

NOTES TO THE FINANCIAL STATEMENTS

5. INVENTORIES

	Group	
	2023 RM'000	**2022 RM'000**
At cost:		
Consumables stores	**47,787**	59,623
Planting materials	**3,397**	3,231
Palm products	**119**	127
	51,303	62,981
At net realisable value:		
Palm products	**49,613**	56,564
	100,916	119,545
Recognised in profit or loss:		
Inventories recognised as cost of sales	**441,791**	407,755
Write-down to net realisable value	**3,743**	17,592

6. BIOLOGICAL ASSETS

	Group	
	2023 RM'000	**2022 RM'000**
Fair value		
At 1 January	**28,508**	57,721
Net loss from fair value adjustments recognised in profit or loss	**(8,075)**	(29,213)
At 31 December	**20,433**	28,508

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 2023, the estimated quantity of unharvested FFB of the Group included in the fair value of FFB was 99,000 tonnes (2022: 99,000 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.

6. BIOLOGICAL ASSETS (CONTINUED)

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.

	Increase/ (Decrease) in price and volume	Increase/(Decrease) in fair value of biological assets and profit before tax for the year 2023 RM'000	2022 RM'000
Selling price	**10%**	**6,995**	7,774
	(10%)	**(6,995)**	(7,774)
Production volume	**10%**	**1,990**	2,832
	(10%)	**(1,990)**	(2,832)

Risk management strategies related to agriculture activities

(a) Regulatory and environmental risks

The Group is exposed to the regulatory and environmental risks. Nevertheless, the Group has in placed the Sustainability Policies 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 FFB. The Group constantly analyses and monitors global palm oil demand patterns and trends to make prompt and informed decisions. The Group also continuously focuses 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 limited to close monitoring on harvesting and crop recovery, adequate measures to control pest population, emphasis on proper fire safety procedures and other necessary measures to ensure continuity of the operation.

NOTES TO THE FINANCIAL STATEMENTS

7. RECEIVABLES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade receivables from contracts with customer	a	**7,056**	4,974	**-**	-
Non-trade					
Other receivables	b	**4,020**	3,169	**3**	4
Prepayments		**1,552**	1,061	**10**	24
Amounts due from subsidiaries	b	**-**	-	**77**	50,977
		5,572	4,230	**90**	51,005
		12,628	9,204	**90**	51,005

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

Included in other receivables of the Group at 31 December 2023 are balances of RM107,000 (2022: Nil) due from a company connected to a major shareholder of the immediate holding company.

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

8. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks with maturities less than 3 months	**-**	140,800	**-**	25,000
Cash and bank balances	**135,780**	25,536	**2,676**	670
	135,780	166,336	**2,676**	25,670

9. CAPITAL AND RESERVES

	Group/Company		
	Number of shares '000	**2023 Amount RM'000**	**2022 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

At the annual general meeting of the Company held on 24 May 2023, 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 2023, the Company held a total of 314,800 (2022: 314,800) ordinary shares at average cost per share of RM2.67 (2022: RM2.67) as treasury shares.

10. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	At 1.1.2022 RM'000	**Recognised in profit or loss (Note 16) RM'000**	**At 31.12.2022/ 1.1.2023 RM'000**	**Recognised in profit or loss (Note 16) RM'000**	**At 31.12.2023 RM'000**
Group					
Property, plant and equipment	368,726	(5,440)	**363,286**	**1,868**	**365,154**
Biological assets	13,656	(6,878)	**6,778**	**(1,874)**	**4,904**
Lease liabilities	(3,517)	(4,504)	**(8,021)**	**69**	**(7,952)**
	378,865	(16,822)	**362,043**	**63**	**362,106**
Company					
Property, plant and equipment	10	1	**11**	**(1)**	**10**

NOTES TO THE FINANCIAL STATEMENTS

10. 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	
	2023 RM'000	**2022 RM'000**
Other temporary differences	**(10,203)**	(11,959)
Unabsorbed capital and agriculture allowances	**32,557**	31,933
Unutilised tax losses	**57,355**	55,386
	79,709	75,360

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.

Under the current tax legislation, 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 expiry date of unutilised tax losses is shown below:

		Group	
	Expiry Year	**2023 RM'000**	**2022 RM'000**
Year of assessment			
- 2018	2028	**48,131**	48,131
- 2019	2029	**4,558**	4,558
- 2020	2030	**2,697**	2,697
- 2023	2033	**1,969**	-
		57,355	55,386

11. PAYABLES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade					
Trade payables		**3,443**	4,501	**-**	-
Amounts due to related companies		**12,234**	30,594	**30**	40
	a	**15,677**	35,095	**30**	40
Non-trade					
Other payables	b	**29,139**	26,187	**1,245**	1,282
		44,816	61,282	**1,275**	1,322

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.

Note b

Included in other payables of the Group at 31 December 2023 are balances of RM1,000 (2022: Nil) due to a firm connected to a director of the Company.

12. REVENUE

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue from contracts with customer				
Sales of palm products	**667,835**	814,554	**-**	-
Other revenue				
Gross dividend income	**-**	-	**82,648**	177,893
	667,835	814,554	**82,648**	177,893

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 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.

13. FINANCE COSTS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Interest expense on lease liabilities	**3,159**	2,976	**-**	1

NOTES TO THE FINANCIAL STATEMENTS

14. PROFIT BEFORE TAX

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
- KPMG PLT	**395**	350	**90**	80
- Non-audit fees				
- KPMG PLT	**15**	15	**15**	15
- Local affiliates of KPMG PLT	**99**	140	**7**	8
Material expenses/(income)				
Depreciation of property, plant and equipment	**85,911**	84,694	**78**	75
Impairment loss on investment in subsidiaries	**-**	-	**29,277**	10,879
Management fees	**5,135**	4,952	**87**	139
Net loss from fair value adjustments of biological assets	**8,075**	29,213	**-**	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	**5,486**	5,498	**143**	179
- Wages, salaries and others	**202,163**	172,359	**1,633**	1,486
Property, plant and equipment written off	**994**	226	**-**	-
Dividend income from money market deposits	**(2,940)**	(401)	**(312)**	(50)
Dividend income from subsidiaries - unquoted shares	**-**	-	**(82,648)**	(177,893)
Gain on disposal of assets held for sale	**-**	(18,824)	**-**	-
Gain on disposal of property, plant and equipment	**(224)**	(174)	**-**	-
Insurance claim received	**(989)**	(528)	**-**	-
Interest income	**(3,891)**	(2,047)	**(187)**	(29)
Gain on money market deposits at fair value	**(9,766)**	(8,717)	**(2,101)**	(1,973)
Plantation management fee income	**(843)**	(828)	**-**	-
Expenses/(income) arising from leases				
Expenses relating to short term leases	**5,782**	3,880	**17**	17
Lease income from properties	**(366)**	(301)	**-**	-
Hiring income	**(705)**	(811)	**-**	-

15. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Directors of the Company:				
- Fees	**734**	805	**734**	805
- Remuneration	**3,675**	3,483	**1,429**	1,364
- Benefits-in-kind	**124**	83	**-**	-
	4,533	4,371	**2,163**	2,169
Other key management personnel:				
- Remuneration	**8,324**	9,677	**-**	-
- Benefits-in-kind	**378**	366	**-**	-
	8,702	10,043	**-**	-

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.

NOTES TO THE FINANCIAL STATEMENTS

16. TAX EXPENSE

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Current tax expense				
- Current year provisions	**29,631**	73,431	**170**	7
- (Over)/Under provision in prior years	**(815)**	(2,951)	**12**	26
Total current tax recognised in profit or loss	**28,816**	70,480	**182**	33
Deferred tax expense				
- Origination and reversal of temporary differences	**(568)**	(16,962)	**(1)**	1
- Under provision in prior years	**631**	140	**-**	-
Total deferred tax recognised in profit or loss	**63**	(16,822)	**(1)**	1
Total income tax expense	**28,879**	53,658	**181**	34
Reconciliation of tax expense				
Profit before tax	**120,248**	263,973	**52,029**	165,068
Tax calculated using Malaysian tax rate of 24% (2022: 24%)	**28,860**	63,354	**12,487**	39,616
Effect of Cukai Makmur at tax rate of 33%	**-**	4,595	**-**	-
Effect of gain taxed at Real Property Gains Tax rate	**-**	(11,320)	**-**	-
Non-deductible expenses	**2,181**	1,645	**8,022**	3,086
Non-taxable income	**(3,022)**	(1,798)	**(20,340)**	(42,694)
Deferred tax assets not recognised during the year	**1,044**	-	**-**	-
Utilisation of previously unrecognised deferred tax assets	**-**	**(7)**	**-**	-
	29,063	56,469	**169**	8
(Over)/Under provision of current tax expense in prior years	**(815)**	(2,951)	**12**	26
Under provision of deferred tax expense in prior years	**631**	140	**-**	-
	28,879	53,658	**181**	34

The Government has introduced Cukai Makmur, which is a one-off tax on companies which have chargeable income above RM100 million in the Year of Assessment 2022. The first RM100 million chargeable income will continue to be taxed at the current rate of 24% and amounts in excess of RM100 million taxed at 33%.

17. 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	
	2023	**2022**
Profit attributable to owners of the Company (RM'000)	**91,369**	210,315
Issued ordinary shares net of treasury shares at 1 January/ Weighted average number of ordinary shares at 31 December ('000)	**799,685**	799,685
Basic earnings per ordinary share (sen)	**11.43**	26.30

18. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2023			
Second interim 2022 ordinary	**7.0**	**55,978**	**22 March 2023**
First interim 2023 ordinary	**1.5**	**11,995**	**21 September 2023**
Total amount	**8.5**	**67,973**	
2022			
Second interim 2021 ordinary	15.5	123,951	23 March 2022
First interim 2022 ordinary	5.0	39,984	22 September 2022
Total amount	20.5	163,935	

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 27 February 2024, the Board of Directors approved a second interim dividend of 5.3 sen per ordinary share under the single-tier system in respect of the financial year ended 31 December 2023, amounting to a total of RM42,383,313 which was paid on 27 March 2024. 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 2024.

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

19. CAPITAL COMMITMENTS

	Group	
	2023 RM'000	**2022 RM'000**
Capital expenditure commitments		
Contracted but not provided for		
Property, plant and equipment	**32,142**	26,224

20. 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 Group's revenue is derived wholly from Malaysia based on the geographical locations of its customers. The Group's non-current assets are located entirely in Malaysia.

Major customers

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

	Group	
	2023 RM'000	**2022 RM'000**
Customer A - All common control companies	**76,150**	144,844
Customer B	**121,031**	193,831
Customer C	**422,163**	388,289

21. FINANCIAL INSTRUMENTS

21.1 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**
2023						
Financial assets						
Receivables	**11,076**	**-**	**11,076**	**80**	**-**	**80**
Money market deposits	**395,724**	**395,724**	**-**	**106,287**	**106,287**	**-**
Cash and cash equivalents	**135,780**	**-**	**135,780**	**2,676**	**-**	**2,676**
	542,580	**395,724**	**146,856**	**109,043**	**106,287**	**2,756**
Financial liabilities						
Payables	**(44,816)**	**-**	**(44,816)**	**(1,275)**	**-**	**(1,275)**
2022						
Financial assets						
Receivables	8,143	-	8,143	50,981	-	50,981
Money market deposits	339,586	339,586	-	69,434	69,434	-
Cash and cash equivalents	166,336	-	166,336	25,670	-	25,670
	514,065	339,586	174,479	146,085	69,434	76,651
Financial liabilities						
Payables	(61,282)	-	(61,282)	(1,322)	-	(1,322)

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.2 Gains arising from financial instruments

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Gains on financial assets at:				
Amortised cost	**3,891**	2,047	**187**	29
Fair value through profit or loss	**12,706**	9,118	**2,413**	2,023
	16,597	11,165	**2,600**	2,052

21.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

21.4 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.

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 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	
	2023 RM'000	**2022 RM'000**
Malaysia	**7,056**	4,974

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 commences when a debt is above 30 days past due its credit term, whereby the Group will 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 and none of the debts are past due.

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.

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 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 2023.

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
Company			
2023			
Low credit risk	**77**	**-**	**77**
2022			
Low credit risk	50,977	-	50,977

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.

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.5 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
2023							
Group							
Non-derivative financial liabilities							
Payables	**44,816**	**-**	**44,816**	**44,816**	**-**	**-**	**-**
Lease liabilities	**67,430**	**4.58 - 4.65**	**116,439**	**12,165**	**12,789**	**19,335**	**72,150**
Company							
Non-derivative financial liabilities							
Payables	**1,275**	**-**	**1,275**	**1,275**	**-**	**-**	**-**
2022							
Group							
Non-derivative financial liabilities							
Payables	61,282	-	61,282	61,282	-	-	-
Lease liabilities	67,953	3.01 - 4.65	119,576	13,043	14,614	17,969	73,950
Company							
Non-derivative financial liabilities							
Payables	1,322	-	1,322	1,322	-	-	-
Lease liabilities	14	3.01	14	14	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.6 Market risk

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

21.6.1 Interest rate risk

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

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		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Financial assets				
Deposits with licensed bank	-	140,800	-	25,000
Financial liabilities				
Lease liabilities	**(67,430)**	(67,953)	-	(14)
	(67,430)	72,847	-	24,986

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.

21.6.2 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.

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

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.6 Market risk (continued)

21.6.2 Market price risk (continued)

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 RM3,957,000 (2022: RM3,396,000) for the Group and RM1,063,000 (2022: RM694,000) 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.

21.7 Fair value information

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

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 2 RM'000	Total fair value RM'000	Carrying amount RM'000
2023			
Group			
Financial assets			
Money market deposits	**395,724**	**395,724**	**395,724**
Company			
Financial assets			
Money market deposits	**106,287**	**106,287**	**106,287**
2022			
Group			
Financial assets			
Money market deposits	339,586	339,586	339,586
Company			
Financial assets			
Money market deposits	69,434	69,434	69,434

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.7 Fair value information (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.

22. 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.

The Group and the Company did not have any borrowings and the summary of quantitative data used in capital management were as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Money market deposits	**395,724**	339,586	**106,287**	69,434
Cash and cash equivalents	**135,780**	166,336	**2,676**	25,670
	531,504	505,922	**108,963**	95,104
Total equity	**1,952,647**	1,929,251	**1,704,829**	1,720,954

23. 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. The 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.

23. 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 15), are shown below. The balances related to the below transactions are disclosed in Notes 7 and 11.

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Firm in which Datuk Simon Shim Kong Yip, JP, a Director of the Company: Corporated International Consultants Sdn Bhd				
Legal fee	**-**	(1)	**-**	-
Firm connected to Datuk Edward Lee Ming Foo, JP, a Director of the Company: Corporated International Consultants Sdn Bhd				
Engineering consultancy fee	**(163)**	-	**-**	-
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				
Rental of commercial vehicles	**(2,126)**	(3,833)	**-**	-
Subsidiaries				
Dividend received	**-**	-	**82,648**	177,893

NOTES TO THE FINANCIAL STATEMENTS

23. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Related companies				
Blasting and crushing of rock aggregates	**(7,781)**	(8,638)	**-**	-
Disposal of assets held for sale	**-**	84,925	**-**	-
Hire of motor vehicles	**(108)**	(108)	**-**	-
Hiring income	**705**	811	**-**	-
Hotel accommodation, food and beverage	**(1)**	-	**(1)**	-
Insurance expenses	**(2,864)**	(3,714)	**(35)**	(50)
Management fees	**(5,135)**	(4,952)	**(87)**	(139)
Plantation management fee income	**586**	571	**-**	-
Purchase of building materials	**(8,822)**	(5,202)	**-**	-
Purchase of diesel, petrol and lubricant	**(25,591)**	(34,716)	**-**	-
Purchase of fertilizers and chemicals	**(73,164)**	(109,114)	**-**	-
Purchase of fresh fruit bunches	**(17,199)**	(23,065)	**-**	-
Purchase of stones and sand	**-**	(2,650)	**-**	-
Purchase of tyres and tubes	**(6,206)**	(5,607)	**-**	-
Purchase of vehicles and spare parts	**(2,721)**	(2,382)	**(5)**	(3)
Rental expenses	**(370)**	(373)	**(17)**	(17)
Rental income	**6**	6	**-**	-
Rental of commercial vehicles	**(10,378)**	(7,664)	**-**	-
Rental of photocopier machine	**(2)**	(2)	**-**	-
Rental of skid tank	**(17)**	(25)	**-**	-
Sales of used vehicles	**112**	-	**-**	-
Utilities charges expenditure	**(9)**	(4)	**-**	-
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.

24. 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 trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. Parties have filed their written submissions and reply submissions to the Court. The decision is scheduled to be delivered on 24 April 2024.

On a separate note, HCH was charged in the Kota Kinabalu Sessions Court for four counts of cheating and forgery in respect of the Alleged PA. The criminal proceedings against HCH began on 27 October 2014. On 16 May 2016, the Kota Kinabalu Sessions Court found HCH guilty of cheating and forgery under sections 420 and 471 of the Penal Code with which HCH was sentenced to twelve months of imprisonment and imposed a fine of RM40,000, and in default thereof eight months of imprisonment. HCH appealed to KKHC against the said conviction as well as the consequent sentence and fine.

NOTES TO THE FINANCIAL STATEMENTS

24. MATERIAL LITIGATIONS (CONTINUED)

(a) (continued)

On 1 March 2018, in addition to affirming the said conviction, the KKHC substituted the sentence of twelve months of imprisonment with the sentence of five years of imprisonment. HCH appealed to the Court of Appeal against the KKHC decision, which appeal was struck out on 23 May 2022.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision in the Consolidated RESB Suit.

(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 trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. Parties have filed their written submissions and reply submissions to the Court. The decision is scheduled to be delivered on 24 April 2024.

On a separate note, HCH was charged in the Kota Kinabalu Sessions Court for four counts of cheating and forgery in respect of the Alleged PA. The criminal proceedings against HCH began on 27 October 2014. On 16 May 2016, the Kota Kinabalu Sessions Court found HCH guilty of cheating and forgery under sections 420 and 471 of the Penal Code with which HCH was sentenced to twelve months of imprisonment and imposed a fine of RM40,000, and in default thereof eight months of imprisonment. HCH appealed to KKHC against the said conviction as well as the consequent sentence and fine.

On 1 March 2018, in addition to affirming the said conviction, the KKHC substituted the sentence of twelve months of imprisonment with the sentence of five years of imprisonment. HCH appealed to the Court of Appeal against the KKHC decision, which appeal was struck out on 23 May 2022.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision in the Consolidated RESB Suit.

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 76 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 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

18 April 2024

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 76 to 116 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 18 April 2024.

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 2023 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 material accounting policy information, as set out on pages 76 to 116.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 for 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 – Material accounting policy information: 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 2023, 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 and assumptions used by considering the industry norms and specified external data sources.
- 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.

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

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, IFRS Accounting 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 concern, 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: 03102/03/2026 J
Chartered Accountant

Kota Kinabalu

18 April 2024

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 PROPOSAL

The Company did not raise any proceeds from corporate proposal during the financial year.

(ii) MATERIAL CONTRACT

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 2023, and/or entered into since 31 December 2022.

(iii) RECURRENT RELATED PARTY TRANSACTIONS

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 2023 are as disclosed in Note 23 to the Financial Statements.

The Company will be seeking renewal of and new shareholders' mandate for recurrent related party transactions at the annual general meeting to be convened on 28 May 2024.

ADDITIONAL INFORMATION

2. OTHERS

(i) 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 agreed 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 its compliance with the SC 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 17 May 2022, the Land and Survey Department in Kota Kinabalu had granted a further extension of time to July 2027 ("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, a 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 31/12/2023 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	1 - 55	
Tabin Estate	3,055	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076/ 2093/2096/ 2097/2098	2 - 38	
Tagas Estate	2,010	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076	3 - 47	
Litang Estate	1,571	Oil palm plantation and buildings	January 2017	Leasehold 99 years/ 999 years	2076/2091/ 2887/2900	5 - 38	873,873
Sungai Segama Estate	5,174	Oil palm plantation and buildings Plantation Central Office and Clubhouse	January 2017	Leasehold 99 years	2089	1 - 28	
Bukit Mas Estate	4,733	Oil palm plantation and buildings Bukit Mas Palm Oil Mill	January 2017	Leasehold 99 years/ 999 years	2089/2887	2 - 28	
Wecan Estate	1,078	Oil palm plantation	January 2017	Leasehold 99 years	2084	-	47,487
Tampilit Estate	202	Oil palm plantation	January 2017	Leasehold 99 years	2084	-	10,963

PARTICULARS OF GROUP'S PROPERTIES

Location	Area (hectares)	Description	Date of revaluation	Tenure	Year of expiry	Approximate age of buildings (years)	Carrying amount at 31/12/2023 RM'000
SABAH							
KINABATANGAN, LAHAD DATU (CONTINUED)							
Batangan Estate	3,633	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	1 - 41	
Lutong Estate	2,448	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078/2098/ 2099	2 - 32	
Lokan Estate	3,155	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	3 - 27	555,360
Kapis Estate	2,681	Oil palm plantation and buildings Jeroco Palm Oil Mill I and II	January 2017	Leasehold 99 years	2078	2 - 37	
Lungmanis Estate	2,200	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	1 - 26	
TAWAU							
Muul Hill Estate	100	Oil palm plantation	January 2017	Leasehold 99 years	2062/2071	-	9,378
KOTA MARUDU							
Pelipikan Estate, Kg Natu	808*	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2101/2102	5 - 24	26,328
Pelipikan Estate, Kg Natu	1,365	Oil palm plantation	January 2017	Leasehold 30 years	2039	-	64,225
Total	**39,103**						**1,587,614**

* 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				
	2023	**2022**	**2021**	**2020**	**2019**
CROP PRODUCTION - TONNES					
FFB	**637,719**	583,943	593,279	637,131	675,587
PROCESSED - TONNES					
FFB - own	**619,914**	566,026	575,440	623,169	659,427
FFB - purchased	**89,950**	75,225	76,465	79,106	66,356
Palm Oil	**147,318**	130,510	133,284	144,977	152,017
Palm Kernel	**33,788**	29,450	30,286	33,594	35,402
EXTRACTION RATE - %					
Palm Oil	**20.75**	20.35	20.45	20.64	20.95
Palm Kernel	**4.76**	4.59	4.65	4.78	4.88
MATURE AREA - HECTARES					
Oil Palm					
30 months to 7 years	**4,577**	4,941	4,933	5,040	4,340
> 7 years to 17 years	**11,394**	11,164	10,279	10,196	9,794
> 17 years onwards	**16,396**	16,030	17,224	17,050	18,324
Total mature area	**32,367**	32,135	32,436	32,286	32,458
AVERAGE YIELD TONNES/HECTARE					
FFB yield per mature hectare	**19.70**	18.17	18.29	19.73	20.81
Oil per mature hectare	**4.09**	3.70	3.74	4.07	4.36
AVERAGE SELLING PRICE RM/TONNE					
FFB	**638**	934	856	510	371
Palm Oil	**3,942**	5,530	4,432	2,788	2,143
Palm Kernel	**2,154**	3,278	2,952	1,681	1,311
TAXES APPLICABLE TO PLANTATION INDUSTRY RM'000					
MPOB cess	**2,357**	2,089	2,099	2,030	1,984
Sabah sales tax	**42,052**	48,281	41,995	30,026	27,163
Windfall tax	**6,095**	26,338	12,995	850	-
Total taxes paid	**50,504**	76,708	57,089	32,906	29,147

PLANTATION STATISTICS

AREA SUMMARY (HECTARES) AS AT 31 DECEMBER 2023

	River Estates Group	Jeroco Group	Pelipikan	* Kota Marudu	Total
Oil Palm					
Mature	18,936	11,943	903	585	32,367
Immature	1,710	779	-	-	2,489
Total Oil Palm	20,646	12,722	903	585	34,856
Other crops	60	86	-	-	146
Total planted area	20,706	12,808	903	585	35,002
Reserve plantable	27	5	-	81	113
Building, road, reserves, etc	2,080	1,304	462	142	3,988
Total	**22,813**	**14,117**	**1,365**	**808**	**39,103**

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 1 APRIL 2024

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	:	9,221

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	*No. of Shares Held	% of Issued Shares
1 to 99	139	1.51	2,570	#
100 to 1,000	2,510	27.22	1,859,050	0.23
1,001 to 10,000	4,902	53.16	21,696,851	2.72
10,001 to 100,000	1,421	15.41	42,964,284	5.37
100,001 to less than 5% of issued shares	248	2.69	177,154,445	22.15
5% & above of issued shares	1	0.01	556,008,000	69.53
Total	**9,221**	**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	556,008,000	69.53
2.	Amanahraya Trustees Berhad - Public Smallcap Fund	15,893,500	1.99
3.	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	8,374,200	1.05
4.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for John Chia Sin Tet	6,600,000	0.82
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	6,019,000	0.75
6.	Chinchoo Investment Sdn. Berhad	5,499,900	0.69
7.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (PHEIM)	5,263,700	0.66
8.	Key Development Sdn. Berhad	4,282,200	0.54
9.	Maybank Nominees (Tempatan) Sdn Bhd - National Trust Fund (IFM Eastspring)	4,131,900	0.52
10	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Growth Fund	4,057,000	0.51
11.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	4,032,605	0.50
12.	Amanahraya Trustees Berhad - Public Select Treasures Equity Fund	3,180,400	0.40

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024

No.		Shareholding	%[3]
13.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Participating Fund	3,167,200	0.40
14.	Gan Teng Siew Realty Sdn. Berhad	3,143,066	0.39
15.	Tokio Marine Life Insurance Malaysia Bhd - As Beneficial Owner	3,051,000	0.38
16.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentsequity Income Fund	2,893,000	0.36
17.	Amanahraya Trustees Berhad - PB Smallcap Growth Fund	2,613,300	0.33
18.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund	2,265,700	0.28
19.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Lembaga Tabung Haji (Al-Wara')	2,165,500	0.27
20.	Amanah Raya Berhad - Kumpulan Wang Bersama	2,138,200	0.27
21.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)	2,089,600	0.26
22.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham	1,906,700	0.24
23.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Islamic)	1,902,595	0.24
24.	Baghlaf Alzafer Group Ltd	1,900,000	0.24
25.	Amanahraya Trustees Berhad - Public Enhanced Bond Fund	1,883,600	0.23
26.	CIMB Group Nominees (Tempatan) Sdn Bhd - Aiiman Asset Management Sdn Bhd for Lembaga Tabung Haji	1,640,600	0.20
27.	Sritama Sdn. Bhd.	1,626,400	0.20
28.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad For Kenanga Syariahextra Fund	1,555,800	0.19
29.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentsgrowth Fund	1,527,000	0.19
30.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Low Shee Kian	1,504,800	0.19
	Total	**662,316,466**	**82.82**

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024

SUBSTANTIAL SHAREHOLDERS

	Direct Shareholding		Indirect Shareholding	
	No. of Shares	**% [3]**	**No. of Shares**	**% [3]**
Hap Seng Consolidated Berhad	556,008,000	69.53	-	-
Gek Poh (Holdings) Sdn Bhd	-	-	556,008,000[1]	69.53
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	-	-	556,008,000[2]	69.53

Notes:

(1) Deemed interest by virtue of its shareholding in Hap Seng Consolidated Berhad pursuant to section 8 of the Companies Act 2016 (the "Act").

(2) Deemed interest by virtue of his shareholding 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 1 APRIL 2024

	Direct Shareholding		Indirect Shareholding	
Company	**No. of Shares**	**% [1]**	**No. of Shares**	**% [1]**
Hap Seng Plantations Holdings Berhad ("HSP")				
Dato' Mohammed Bin Haji Che Hussein	17,200	0.002	-	-
Datuk Simon Shim Kong Yip, JP	180,000	0.023	-	-
Au Yong Siew Fah	180,000	0.023	-	-

	Direct Shareholding		Indirect Shareholding	
Related Corporation	**No. of Shares**	**% [2]**	**No. of Shares**	**% [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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 17th annual general meeting of Hap Seng Plantations Holdings Berhad will be conducted virtually through remote participation and electronic voting facilities ("RPEV") at the broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Tuesday, 28 May 2024 at 10am to transact the following:-

AGENDA

ORDINARY BUSINESS

1. To table the audited financial statements for the financial year ended 31 December 2023 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 & 3

   (a) Datuk Edward Lee Ming Foo, JP **Resolution 1**

   (b) Mr. Chong Kwea Seng **Resolution 2**

   (c) Mr. Choy Khai Choon **Resolution 3**

3. To approve payment of directors' fees of the Company amounting to RM733,671.00 for the financial year ended 31 December 2023. Note 4 **Resolution 4**

4. 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 5 **Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions:-

5. **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 6 **Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING

6. **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 30 April 2024, 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 7 **Resolution 7**

7. **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 2023; and

NOTICE OF ANNUAL GENERAL MEETING

(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 8 **Resolution 8**

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
30 April 2024

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. There is no voting required on the item 1 of the agenda.*

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. *During the financial year ended 31 December 2023, the nominating committee conducted various assessments, including assessment of the collective performance of the board as a whole as well as assessment of individual director's performance, fit and proper assessment of each director, independence assessment of each independent director, which recommendations thereof have been made to and approved of by the board. Based on such assessment and approval, the board (except for the retiring directors who have abstained) has recommended for the directors who are to retire in accordance with clause 116 of the Company's constitution to stand for re-election during the AGM.*

4. *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 they are appropriately remunerated in line with the market benchmarking.*

5. *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.

6. *The proposed resolution 6 is to authorise the Company to allot shares pursuant to section 75 of the Act. This proposed resolution 6, 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 2023, which authority shall lapse at the conclusion of this AGM.

NOTICE OF ANNUAL GENERAL MEETING

7. *The proposed resolution 7 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 30 April 2024 which is issued together with the Company's Annual Report 2023.

8. *The proposed resolution 8 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 30 April 2024 which is issued together with the Company's Annual Report 2023.*

Notes to the notice of AGM:-

1. *The AGM will be conducted virtually through RPEV which is available 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 record of depositors as at 21 May 2024.*

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 17TH 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 17th 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 6 of explanatory notes to the agenda in the notice of 17th AGM.

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 _____ Tel No. _____ being
(FULL ADDRESS)

a member/members of Hap Seng Plantations Holdings Berhad, do hereby appoint _____
(FULL NAME OF PROXY IN BLOCK LETTERS)

NRIC No./Company No. _____ of _____
(FULL ADDRESS)

_____ Tel No. _____ Email 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 17th annual general meeting of the Company to be conducted virtually through remote participation and electronic voting facilities ("RPEV") at the broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Tuesday, 28 May 2024 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 2023 together with the reports of directors and auditors.

ORDINARY BUSINESS		**FOR**	**AGAINST**
2. To re-elect Datuk Edward Lee Ming Foo, JP as director of the Company.	Resolution 1		
3. To re-elect Mr. Chong Kwea Seng as director of the Company.	Resolution 2		
4. To re-elect Mr. Choy Khai Choon as director of the Company.	Resolution 3		
5. To approve the payment of directors' fees.	Resolution 4		
6. To reappoint Messrs KPMG PLT as auditors of the Company.	Resolution 5		
SPECIAL BUSINESS		**FOR**	**AGAINST**
7. Authority to allot shares pursuant to section 75 of the Companies Act 2016.	Resolution 6		
8. To approve renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	Resolution 7		
9. To approve renewal of share buy-back authority.	Resolution 8		

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 _____ 2024

_____
Signature(s)/Common Seal of Shareholder(s)

Notes:-

1. *The annual general meeting ("AGM") will be conducted virtually through RPEV which is available 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 Companies Act 2016. 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 record of depositors as at 21 May 2024.*

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

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