

Applicants are advised to read and understand the contents of this Prospectus and Trust Deed (available for inspection) pertaining to the Scheme before deciding to purchase the Grower's Plot in Golden Agro Growers Scheme. Applicants are advised to do their own evaluation to assess the merits and risks of the investment. Applicants who are in any doubt as to the action to be taken should consult a professional advisor, when considering the investment.



PROSPECTUS

Golden Agro Growers Scheme

Golden Agro Plantation (Mukah) Berhad

(Company No. 200901041184 / 884334-W)
(Incorporated in Malaysia under the Companies Act, 1965)

PROSPECTUS ISSUED PURSUANT TO SECTION 28 OF THE INTEREST SCHEMES ACT, 2016 AND THE POLICY GUIDELINES AND REQUIREMENTS ISSUED BY THE REGISTRAR OF COMPANIES, MALAYSIA IN RESPECT OF AN OFFER FOR SALE OF GROWER'S PLOTS IN GOLDEN AGRO GROWERS SCHEME.

APPLICANTS ARE ENTITLED TO WITHDRAW HIS/HER APPLICATION WITHOUT ANY DEDUCTION OR PENALTY WITHIN A COOLING-OFF PERIOD OF TEN (10) CONSECUTIVE DAYS COMMENCING FROM THE DAY THE APPLICATION FORM FOR THE PURCHASE OF GROWER'S PLOT(S) IS LODGED WITH GOLDEN AGRO PLANTATION (MUKAH) BERHAD.

**THIS PROSPECTUS IS DATED 1 NOVEMBER 2023
AND SHALL EXPIRE ON 30 APRIL 2024**

A copy of this Prospectus has been lodged with and registered by the Registrar of Companies, Malaysia, who takes no responsibility for its contents.

Registration of the Prospectus by the Registrar of Companies does not imply that the Interest Schemes Act 2016 or any other legal or regulatory requirements have been complied with.

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DEFINITIONS AND INTERPRETATION

In this Prospectus, except where the context requires otherwise, the following words and expressions shall have the following meanings:

“Applicant”	means such person who has submitted the prescribed Application Form to the Management Company to acquire a Grower’s Plot(s);
“Application Form”	means the Management Company’s prescribed application form to be submitted by the Applicant for the purpose of acquiring a Grower’s Plot(s);
“Auditor”	means an auditor who shall be an approved company auditor within the meaning prescribed under the Companies Act, appointed pursuant to the Trust Deed;
“Business Day”	means a day (other than Saturday, Sunday or public holiday in Kuala Lumpur) on which banks are open for business in Kuala Lumpur;
“Business Office”	means the business office of the Management Company at 1 st & 2 nd Floor, No.2, Jalan Unggas, Lorong 2, 96000 Sibu, Sarawak;
“Commencement Date”	means the date of commencement of the respective Grower’s Management Agreement being the date stated in Clause 4.1(d) hereto;
“Companies Act”	means the Malaysian Companies Act, 2016;
“Cooling-Off Period”	means a period of ten (10) days after the date on which the Applicant submits the Application Form to the Management Company during which period the Applicant may withdraw or rescind the application without any deduction or penalty;
“Cost of Production”	means the cost of production for the oil palm, that includes the cost of harvesting and collecting the oil palm fruits and upkeep maintenance, and administration expenses of the Plantation;
“Court”	means the High Court of Malaya;
“Extraordinary Resolution”	means a resolution passed at a meeting of Growers duly convened and held in accordance with the provisions of Clause 9 and carried by a majority consisting of not less than three quarters (3/4) of the Growers voting thereat by a show of hands or if a poll is demanded by a majority consisting of not less than three quarters (3/4) in number of the votes given on each poll;

“FFB Sales”	means the amount in RM, that can be obtained from the oil palm fruits, based on the fresh fruit bunch output;
“Gazette”	means the official Gazette of the Federation of Malaysia and includes supplements thereto as defined in Section 66 of the Interpretations Acts 1948 and 1967;
“Gross Profit”	means the amount after deducting the Cost of Production from the FFB Sales;
“Grower”	means a person who has acquired a Grower’s Plot(s) and is registered as a holder of a Grower’s Plot(s) in the Register of Growers and includes the Management Company for so long as the Management Company holds a Grower’s Plot;
“Grower’s Certificate”	means the certificate of ownership issued by the Management Company to the Grower with respect to his Grower’s Plot(s) in accordance with the provisions of the Trust Deed;
“Grower’s Fee”	means the fee payable by the Grower to the Management Company for a Grower’s Plot, under Clause 3.3 hereto;
“Grower’s Fee Trust Account”	means the trust account by that name to be opened by the Trustee pursuant to Clause 7.4(a)(i) hereto;
“Grower’s Management Agreement”	means the agreement entered or to be entered into between the Management Company and Grower in respect of the Scheme
“Grower’s Plot or Grower’s Plots”	means a quarter (1/4) acre of the Plantation in respect of which the Grower has paid the Grower’s Fee in consideration of which the Grower has obtained a <i>profit-à-prendre</i> interest in the Scheme, which entitles the Grower to the Net Profit;
“Harvest Phase”	means the period commencing on the first day of the 6 th year from the Launch Date and ending on the Maturity Date;
“Independent Consultant”	means DURIO PALM SDN. BHD.;
“Initial Launch”	means the first launch of the Grower’s Plots by the Management Company;
“Interest Schemes Act”	means the Interest Schemes Act, 2016 and any regulations enacted thereunder and any amendment thereof or substitution therefore.

- “Land”** means the piece of land measuring approximately 5,096 hectares (equivalent to 12,587 acres) held under Lot No. 3, Block/Section No.2, Baoh Land District, Mukah Division, State of Sarawak, of which the Plantation is part, which is owned by the Management Company;
- “Launch Date”** means 12 November 2012, being the date of the first Prospectus in respect of the Scheme;
- “Management Company”** means Golden Agro Plantation (Mukah) Berhad (Company No. 200901041184 / 884334-W);
- “Management Fee”** means the fee amounting to five percent (5%) of the Gross Profit or such other amount as may be prescribed by the Management Company from time to time, payable each year by the Grower under **Clause 3.3(c)** hereto, commencing on the first day of the 6th year from the Launch Date for as long as the Grower’s Management Agreement is not terminated, or for the duration of the Scheme, whichever shall be the longer. The Management Fee shall be deducted by the Management Company from the Gross Profit before distribution as the Net Profit to the Grower;
- “Marketing Company”** means such party (if any) that may be appointed by the Management Company, with prior consent of the Registrar of Companies, as its agent to promote and/or sell the Grower’s Plots upon such terms and conditions as shall be agreed upon between the Management Company and the Marketing Company;
- “Maturity Date”** means the date upon which the Scheme shall expire, being the day ending on the date of the expiry of the twentieth (20th) year from the Launch Date;
- “Minister”** means the Minister charged with the responsibility for companies as defined in the Interest Schemes Act and Companies Act;
- “Net Profit”** means the amount payable to the Grower, less the annual Management Fee, and referred to in **Clause 3.4** hereto;
- “Plantation”** means the 4,228 hectares (equivalent to 10,443 acres) forming part of the Land designated and demarcated by the Management Company for the Scheme;
- “Planting Phase”** means the period commencing on the Launch Date and ending on the date of the expiry of the 5th year from the Launch Date;
- “Prospectus”** means the statement issued pursuant to Section 28 of the Interest Schemes Act;

“Register of Growers”	means the register of the holders of Grower’s Plots established and maintained by the Management Company in accordance with the provisions of the Trust Deed;
“Registrar of Companies”	means the Registrar of Companies as designated under Section 20A of the Companies Commission of Malaysia Act 2001;
“Reserve Fund Trust Account”	means the trust account by that name to be opened by the Trustee pursuant to Clause 7.4(a)(ii) hereto;
“Reserved Grower’s Plots”	means the 12,532 Grower’s Plots (being approximately 30% of the total 41,772 Grower’s Plots) that are held by the Management Company and referred to in Clause 3.2 hereto;
“Rules”	means the rules and regulations of the Scheme made in accordance with the Grower’s Management Agreement (as amended from time to time);
“RM”	means Ringgit Malaysia being the lawful currency of Malaysia;
“Scheme”	means the oil palm growers’ scheme known as Golden Agro Growers Scheme established pursuant to the Interest Schemes Act;
“Term”	means the term commencing on the Commencement Date and expiring on the Maturity Date;
“Trust Deed”	means the trust deed dated 1 November 2012 entered into between the Management Company, the Trustee and the Growers (as amended from time to time);
“Trustee”	means My Premier Trustee (Malaysia) Berhad (Company No. 200501037247 / 719395-T) a company incorporated in Malaysia and registered as a trust company pursuant to the Trust Companies Act, 1949 and includes the trustee for the time being of the Scheme whether original, additional or substituted;
“Trustee’s Fees”	means the fee payable to the Trustee pursuant to Clause 7.3 for the services rendered by the Trustee.

1. INTRODUCTION TO THE PROSPECTUS

1.1 Prospectus

This Prospectus dated 1 November 2023 is issued by the Management Company and shall remain valid for a period of six (6) months from the date hereof and is applicable for Grower's Plots in the Golden Agro Growers Scheme to be sold by the Management Company.

A copy of this Prospectus has been lodged with the Registrar of Companies who takes no responsibility for its contents and is obtainable at the Business Office of the Management Company during office hours.

1.2 Legislation

The principal legislation governing the establishment and operation of share farming schemes in Malaysia is the Interest Schemes Act which inter alia requires any developer or operator of such schemes intending to offer for sale, any "interest" in a share farming scheme to the public to comply with the requirements of the Interest Schemes Act and the policy guidelines issued by the Registrar of Companies in respect of share farming interests.

1.3 Approval of Scheme and Initial Maximum Number of Grower's Plots

The Management Company is developing and operating the Plantation for the Scheme. In relation thereto, the Management Company intends to offer for sale to members of the public, interests under the Interest Schemes Act known as "**Grower's Plot(s)**" in respect of which the Grower pays the Grower's Fee to the Management Company and in consideration of which the Grower shall be entitled to obtain a *profit-à-prendre* interest in the Grower's Plot(s) whereby the Grower shall be entitled to receive the Net Profit annually during the Term, commencing on the Commencement Date and expiring on the Maturity Date, in accordance with the terms and conditions contained in the Trust Deed, Grower's Management Agreement and the Rules.

The Registrar of Companies has approved the Scheme and the creation of 41,772 Grower's Plots (hereinafter referred to as "**the Initial Maximum Number of Grower's Plots**"), derived from the 10,443 acres of the Plantation (at four Grower's Plots per acre). The Management Company initially proposes to offer for sale Grower's Plots in relation to 70% of the Initial Maximum Number of Grower's Plots (which is equivalent to 29,240 Grower's Plots). The Management Company will retain the remaining 30% of the Initial Maximum Number of Grower's Plots (which is equivalent to 12,532 Grower's Plots) and may only offer for sale the 12,532 Grower's Plots in future, subject to the approval of the Registrar of Companies.

2. CORPORATE INFORMATION

2.1 Management Company

a) History of the Management Company

The Management Company was incorporated in Malaysia under the Companies Act on 30 December 2009 as a private limited company under the name of Sun White Resources Sdn Bhd. On 9 November 2011 the Management Company changed its name to Golden Agro Plantation (Mukah) Sdn Bhd. Subsequently, on 23 November 2011, the Management Company was converted to a public company under the name **Golden Agro Plantation (Mukah) Berhad**.

The Management Company's principal activities are developing oil palm plantations, carrying on oil palm plantation activities and operating and managing oil palm plantations and the Scheme.

The Management Company is a public company of limited liability, currently with an authorised, issued and paid-up capital of Ringgit Malaysia Five Million (RM5,000,000.00) only consisting of five million (5,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each. As at the date of the Trust Deed, the Management Company is a wholly-owned subsidiary of Golden Agro Plantation Sdn Bhd (Company No. 201001040964 / 924889-H).

b) Corporate Information on the Management Company

Directors

<i>Name</i>	<i>Address</i>	<i>Occupation</i>
Dato' Lim Kim Huat	No. 96, Jalan Setiamurni 6 Damansara Heights 50490 Kuala Lumpur	Company Director
Lester Lim Shen Yong	No. 96, Jalan Setiamurni 6 Damansara Heights 50490 Kuala Lumpur	Company Director

Chief Executive Officer

<i>Name</i>	<i>Address</i>	<i>Occupation</i>
Dato' Lim Kim Huat	Block D4-U2-10, Level 2 Solaris Dutamas No. 1 Jalan Dutamas 1 50480 Kuala Lumpur Tel.: 03 - 62078186 Fax.: 03 - 62078286 Email: ceo@gapgrowers.com.my	Chief Executive Officer

Company No. 200901041184 (884334-W)

Key Management Team

<i>Name</i>	<i>Address</i>	<i>Occupation</i>
Lai Nan Foh	1 st & 2 nd Floor, No.2 Jalan Unggas, Lorong 2 96000 Sibu Sarawak. Tel: 019-7191776	Senior Manager, Audit & Operation
Wong Zhi Hui, Lilian	- As above -	Financial Controller
Lau Tzy Ting	- As above -	Accountant

Company Secretary

<i>Name</i>	<i>Address</i>	<i>Occupation</i>
Ng Heng Hooi (MAICSA 7048492)	462A, Jalan 5/46 Taman Petaling 46000 Petaling Jaya Selangor Darul Ehsan	Company Secretary
Wong Mee Kiat (f) (MAICSA 7058813)	No. 9, Jalan SJ16A Taman Selayang Bahagia 68100 Batu Caves Selangor Darul Ehsan	Company Secretary

Shareholder

<i>Name</i>	<i>Address</i>	<i>Percentage of Shareholding</i>
Golden Agro Plantation Sdn. Bhd.	Level 5, Tower 8 Avenue 5, Horizon 2 Bangsar South City 59200, Kuala Lumpur	100%

Registered Office

Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200, Kuala Lumpur

Company No. 200901041184 (884334-W)

Business Office and Place of Register of Growers

1st & 2nd Floor, No.2
Jalan Unggas, Lorong 2
96000 Sibul, Sarawak

Solicitors

C.K.Cheong & Seow
Advocates & Solicitors
Suite 1-06, 1st Floor
Wisma Tan Kim San (New Wing)
No. 518A, 3rd Mile, Jalan Sultan Azlan Shah
51200 Kuala Lumpur

Trustee

My Premier Trustee (Malaysia) Berhad
21-9, Office Suites, 1 Mont' Kiara
No.1, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

Auditors and Reporting Accountants

Crowe Malaysia PLT
1st Floor, No. 1, Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibul, Sarawak
Tel: 084 211 777

Independent Consultant

Durio Palm Sdn. Bhd.
No. 68, Persiaran Pakatan Jaya 12
Taman Pakatan Jaya
31150 Ulu Kinta Perak

c) Corporate Profile of the Board of Directors and Key Management Team of the Management Company

Directors

Dato' Allan Lim Kim Huat

Dato' Allan Lim Kim Huat, Malaysian, is the Executive Chairman of Widetech (Malaysia) Berhad and the Managing Director of Ablegroup Berhad.

He is a certified public accountant by profession and is a member of the Malaysian Institute of Certified Public Accountants. He started his career with PricewaterhouseCoopers in Kuala Lumpur in 1980 before moving on to the commercial sector. He was Deputy Executive Chairman for Sunrise Berhad from 2004 to 2012. Through his involvement as senior management personnel with various companies in Malaysia, Dato' Allan Lim has extensive exposure and experience in diverse industries such as manufacturing, trading, property development, leisure and entertainment and food services.

Lester Lim Shen Yong

Lester Lim Shen Yong, Malaysian, holds a Bachelor of Science in Biological Sciences from Stanford University, Stanford, California, USA. He is involved in the running of day-to-day operations of the Management Company.

Key Management Team

Chief Executive Officer - Dato' Allan Lim Kim Huat

As above.

Senior Manager – Lai Nan Foh

Mr.Lai joined the Company as Audit Manager on March 2017 and was promoted to Senior Manager of Operations on January 2020. He holds a Bachelor of Agricultural Science from University Putra Malaysia.

Mr Lai has 16 years of extensive experience in oil palm plantation, starting his career with J.C.Chang Group as Cadet Planter in Maran, Pahang. Prior to joining the Company, he was Senior Assistant Manager of Internal Audit for Genting Plantation Berhad wherein he was responsible for company's Internal Audit function.

Financial Controller - Wong Zhi Hui, Lilian

Ms Lilian was appointed as Senior Finance/Admin Manager of the Management Company on 1 October 2018 and was promoted to Financial Controller on January 2023. She is a Chartered Accountant and is a member of the Malaysian Institute of Accountants (MIA) and the Association of Certified Chartered Accountants (ACCA).

She has more than 10 years of extensive experience in both the professional and the commercial sector. She started her career with Deloitte Malaysia and was involved in audit and special assignments prior to her moving on to the commercial sector in which she has gained exposure and experience in financial management. She was the Accounts Manager and Group Administrative Manager for Ta Ann Holdings Berhad specialized in Timber and Oil Palm Industry.

Company No. 200901041184 (884334-W)

Accountant – Lau Tzy Ting

Mr Lau was appointed as Accountant of the Management Company on 1 May 2014. He graduated with a Diploma in LCCI Accounting and a Bachelor Degree in Information Technology (IT) with honours from University Malaysia of Sarawak. He started his career with Hii King Hiong & Co. as an Auditor in 2007.

In 2008 he joined Ta Ann Plywood Sdn Bhd - Oil Palm Division as an Account Assistant. In 2010 he was transferred to Ta Ann Pelita Durin Plantation Sdn Bhd as an Account Officer. He was a Junior Account Manager for Ta Ann Pelita Silas Plantation Sdn Bhd in 2012 prior to joining the Management Company.

3. DETAILS OF THE GOLDEN AGRO GROWERS SCHEME

3.1 Nature of Scheme

The Scheme is an oil palm share farming interest scheme, wholly owned, managed and operated by the Management Company which is established pursuant to the Interest Schemes Act, to offer for sale to members of the public, Grower's Plot(s) in respect of which the Grower pays the Grower's Fee to the Management Company and in consideration of which the Grower shall be entitled to obtain a *profit-à-prendre* interest in the Grower's Plot(s) whereby the Grower shall be entitled to receive the Net Profit annually during the Term, commencing on the Commencement Date and expiring on the Maturity Date, in accordance with the terms and conditions of the Trust Deed, the Grower's Management Agreement and the Rules.

3.2 Number of Grower's Plots and Reserved Grower's Plots

- a) The initial maximum number of Grower's Plots created as at the Launch Date is 41,772 Grower's Plots being the Initial Maximum Number of Grower's Plots, derived from 10,443 acres of the Plantation.
- b) The maximum number of Grower's Plots created shall not exceed the area of the Plantation (in number of acres) for the Scheme multiplied by four (4) Grower's Plots per acre representing the maximum number of Grower's Plots.
- c) The Management Company shall offer only 29,240 Grower's Plots (being approximately 70% of the Initial Maximum Number of Grower's Plots) to the public at the Launch Date.
- d) The Management Company shall retain the Reserved Grower's Plots numbering 12,532 Grower's Plots (being approximately 30% of the Initial Maximum Number of Grower's Plots). The Reserved Grower's Plots may only be released for sale to the public subject to the approval of the Registrar of Companies.
- e) As at 25 October 2023, the total number of Grower's Plots which have been sold/issued to the public by the Management Company is 617 with a balance of 28,623 Grower's Plots remaining available for sale.

Maximum number of Grower's Plots	Number of Grower's Plots offered to the public	Grower's Fee for each Grower's Plot	Number of Grower's Plots sold as at 28-12-2019	Move ment	Number of Grower's Plots sold as at 25-10-2023	Balance Grower's Plots available for sale
41,772	29,240	RM8,000.00	1,212	(595)	617	28,623

3.3 Grower's Fee and Management Fee

- a) During the Initial Launch and currently, the Grower's Fee for each Grower's Plot offered to the public by the Management Company is RM8,000.00. The subsequent value of the Grower's Plots after the Initial Launch will be at such price as shall be stipulated by the Management Company from time to time as the Management Company deems fit, based on market forces.
- b) The Grower's Fee shall be paid by the Grower in accordance with the terms and in the manner stipulated in the Grower's Management Agreement.
- c) In addition to the Grower's Fee, the Grower (other than the Management Company) is also required to pay to the Management Company an annual Management Fee (if not already deducted by the Management Company from the Gross Profit) together with other payments or charges payable by the Grower pursuant to the provisions of the Trust Deed, the Grower's Management Agreement and the Rules, commencing on the first day of the 6th year from the Launch Date and every year thereafter, for the duration of the Grower's Management Agreement (as long as the Grower's Management Agreement is not terminated in accordance with the terms and conditions thereto). The annual Management Fee and other payments or charges may be varied or modified from time to time by the Management Company Provided Always that any increase by more than five per centum (5%) of the annual Management Fee subsisting at the particular time, must be approved by the Trustee and the Growers must be informed.
- d) The Management Company shall be entitled to deduct the annual Management Fee from the Gross Profit before paying the Net Profit to the Grower.

3.4 Net Profit

In consideration of the full payment of the Grower's Fee by the Grower to the Management Company and subject to compliance by the Grower of all its obligations, the Grower shall be entitled to obtain a *profit-à-prendre* right in the Grower's Plot(s) whereby the Grower shall be entitled to receive the Net Profit (less the annual Management Fee) calculated as follows:-

a) Planting Phase

During the Planting Phase, a guaranteed Net Profit of 7% per annum of the Grower's Fee, payable at 3.5% every six (6) months; with the first payment due on the First Payment Date (as hereinafter defined) and every six (6) months thereafter, on the Next Payment Date(s) (as hereinafter defined) for the duration of the Planting Phase.

b) Harvest Phase

During the Harvest Phase, the Net Profit for a Grower's Plot in any year shall be calculated as follows:-

$$\text{Net Profit (E)} = (A - B) - D = E$$

where:

- A FFB Sales (RM)
B Cost of Production *Note: A - B = C*
C Gross Profit
D Annual Management Fees (5% x C)
E Net Profit *Note: C - D = E*

Note:

The Net Profit that will be payable to the Grower shall be based on the number of Grower's Plots owned by the Grower divided by the Initial Maximum Number of Grower's Plots (based on the whole Plantation), multiplied by the total Net Profit for the whole Plantation.

Illustration:-

Number of Grower's Plots held by the "Grower A":	10 Grower's Plots
Initial Maximum Number of Grower's Plots:	41,772 Grower's Plots
Total Net Profit for the whole Plantation (an assumption):	RM20,000,000.00
Net Profit for "Grower A":	$\frac{10}{41,772} \times \text{RM}20,000,000.00 = \text{RM}4,787.90$

c) Apportionment of Net Profit

The Net Profit in any year shall be calculated based on a period of 365 days except that the first payment of the Net Profit shall be pro-rated based on the number of days from the Commencement Date until the First Payment Date (as hereinafter defined) or the Next Payment Date(s) (as hereinafter defined), as the case may be. If the Grower's Plot(s) are acquired after the First Payment Date but still within the Planting Phase, the Grower shall only be entitled to the remainder of the guaranteed Net Profit payable on the Next Payment Date(s) during the Planting Phase only.

d) Time of payment of Net Profit

The Management Company shall pay to the Grower the Net Profit as follows:

- i) within 30 days after the end of six (6) months from the Launch Date (hereinafter referred to as "**the First Payment Date**") and every six months thereafter (hereinafter referred to as "**the Next Payment Date(s)**"), during the Planting Phase only; to be calculated based on a period of 365 days except that the first payment of the Net Profit shall be pro-rated based on the number of days from the Commencement Date until the First Payment Date or the Next Payment Date(s), as the case may be; and

- ii) within 60 days after the end of each anniversary of the Launch Date during the Harvest Phase. The Net Profit payable herein shall be of an amount after deduction of the annual Management Fee.

e) **Grower responsible for income tax on Net Profit received**

The Grower shall be responsible for his own personal or corporate income tax (as the case may be) which may be payable in any jurisdiction in respect of the Net Profit and/or monies received by the Grower under the Scheme.

3.5 Grower's Rights and Liabilities

- a) Each Grower's Plot represents an undivided interest in the Scheme and shall in all respect rank pari passu with each other.
- b) The rights conferred by each Grower's Plot shall rank pari passu with each other unless otherwise specified in the Grower's Management Agreement.
- c) The rights conferred on the Grower shall vest in contract only as a *profit-à-prendre* right in the Grower's Plot(s) and shall not create in or confer on the Grower any tenancy or any estate or any proprietary right, title, or interest in or over the Plantation or the Land or in the assets or business or undertakings of the Management Company.
- d) Except for the Net Profit, the Trust Deed and the Grower's Management Agreement do not confer any right on the Grower to a share of the profits of the Management Company howsoever arising and whether or not derived from the Plantation or the Land.
- e) No Grower shall have any right by reason of his Grower's Plot(s) to attend meetings of the shareholders, stockholders or debenture holders of the Management Company or to vote or take part in or consent to the Management Company's or its shareholders', stockholders' or debenture holders' actions or resolutions.
- f) Except for the Net Profit payable pursuant to **Clause 3.4** above, the investment in the Grower's Plot(s) does not guarantee the payment of the Net Profit by the Management Company in the event that the FFB Sales price does not reach the projected amount to cover the Cost of Production and Management Fees, in which case, there shall be no Net Profit payable under such circumstances.
- g) The liability of each Grower in his capacity as such is limited to the Grower's investment in the Scheme.
- h) A Grower shall not be required to indemnify the Trustee or the Management Company or their creditor against any liability of the Trustee or the Management Company in respect of the Scheme.

- i) Nothing in or under the Trust Deed or the Grower's Management Agreement makes either the Trustee or the Management Company the agent of the Grower nor does it create any relationship other than that of Grower and Management Company or beneficiary and trustee, subject to the provisions of the Trust Deed.

3.6 Repurchase of Grower's Plots

a) No obligation to repurchase during the Exemption Period

The Minister has granted an exemption of six (6) years (hereinafter referred to as "**the Exemption Period**") to the Management Company from the requirement of Section 47 of the Interest Schemes Act, which exempts the Management Company from having to repurchase the Grower's Plot(s) from the Grower during the Exemption Period. The Exemption Period shall commence from the Launch Date.

b) Obligation to Repurchase after the Exemption Period

After the expiry of the Exemption Period, at the request of the Grower, the Management Company shall be obligated to repurchase the Grower's Plot(s) pursuant to Section 47 of the Interest Schemes Act, subject to the terms and conditions as stated herein:

- i) In this clause:
 - "**First Repurchase Period**" means any time commencing on the first day of the seventh (7th) year from the Launch Date to the expiry of the eighth (8th) year from the Launch Date;
 - "**Number of Grower's Plots**" means the number of Grower's Plots as recorded in the Register of Growers excluding Grower's Plots held by the Management Company;
 - "**Repurchase Documents**", in relation to a Grower who has submitted a Repurchase Form with respect to a Grower's Plot, means:
 - 1) the Grower's Certificate with respect to that Grower's Plot(s);
 - 2) all copies of the Grower's Management Agreement including the Grower's original signed and stamped copy of the Grower's Management Agreement;
 - 3) all receipts issued by the Management Company; and
 - 4) all documentation evidencing the ownership of the said Grower's Plot(s).
 - "**Repurchase Form**" means the form prescribed by the Management Company from time to time for the purpose of making a request to repurchase a Grower's Plot(s);

- “**Repurchase Limit**” means 10% of the Number of Grower’s Plots sold; provided that in each case the Repurchase Limit is rounded up or down to the closest whole number of Grower’s Plots;
 - “**Repurchase Period**” means any time commencing on the first day of the seventh (7th) year from the Launch Date to the Maturity Date or the termination of the Scheme, whichever is the earlier and which encompasses the First Repurchase Period; and
 - “**Repurchase Price**”, in relation to a Grower’s Plot repurchased during the First Repurchase Period, means an amount equal to eighty five percent (85%) of the net Grower’s Fee paid by the Grower for each Grower’s Plot and in relation to a Grower’s Plot repurchased during the period after the First Repurchase Period, means an amount equal to one hundred percent (100%) of the net Grower’s Fee paid by the Grower for each Grower’s Plot.
- ii) The Management Company shall repurchase the Grower’s Plot(s) during the Repurchase Period, at the request of the Grower, subject to the following conditions:-
- 1) the Repurchase Limit has not been reached;
 - 2) the Grower shall submit a Repurchase Form in accordance with the procedures set out in the Grower’s Management Agreement and the Rules;
 - 3) the Grower shall pay to the Management Company such processing fee, if any, as the Management Company may prescribe from time to time;
 - 4) the Grower’s Plot(s) shall be repurchased in whole only but not in part;
 - 5) any Grower’s Plot(s) for which the Grower has not paid any Grower’s Fee are not eligible for repurchase; and
 - 6) the repurchase shall only be applicable to Growers who have fully settled the Grower’s Fee and all outstanding payments due and owing to the Management Company as at the date of the Grower’s written request for repurchase.
- iii) The Management Company shall within 14 days after receipt of the Repurchase Form notify the Grower whether:
- 1) the repurchase request has been approved or rejected; OR
 - 2) payment of the Repurchase Price is deferred in accordance with **Clause 3.6(b)(viii)**; OR

- 3) the Management Company has exercised its option to convene a meeting of Growers for the purpose of putting forward a proposal to close the Scheme under **Clause 3.6(b)(xii)**.
- iv) The Management Company may reject a repurchase request if:
 - 1) the Repurchase Limit has been reached;
 - 2) the Repurchase Form is not duly completed and signed;
 - 3) the repurchase request is not in accordance with the procedures set out in the Grower's Management Agreement or the Rules;
 - 4) there are any amounts outstanding from the Grower under the Grower's Management Agreement or the Rules; or
 - 5) the Grower has not complied with any of the terms and conditions of the Grower's Management Agreement or the Rules.
- v) Except as provided under **Clause 3.6(b)(iv)**, the Management Company is obliged to approve a repurchase request.
- vi) If the Management Company approves the repurchase request, the Grower shall deliver to the Management Company the Repurchase Documents within 14 days of the date of approval failing which:
 - 1) the approval of the repurchase request lapses;
 - 2) the Repurchase Form is deemed to have been cancelled; and
 - 3) the Management Company shall forfeit the processing fee, if any, paid or payable with respect to the repurchase request.
- vii) Subject to the following provisions of this **Clause 3.6**, the Management Company shall pay to the Grower the Repurchase Price within 60 days of receipt of the Repurchase Documents under **Clause 3.6(b)(vi)**.
- viii) If repurchase requests during the Repurchase Period exceed the Repurchase Limit, the Management Company may defer repurchasing the Grower's Plot(s) until the repurchased Grower's Plot(s) (hereinafter referred to as "**the Repurchased Grower's Plot(s)**") have first been sold by the Management Company; in any event, the Repurchase Limit at any time during the Repurchase Period shall be maintained at 10% of the Number of Grower's Plots sold so that the total number of Repurchased Grower's Plot(s) does not exceed the Repurchase Limit. For illustration purposes, the table referred to as "**SAMPLE CALCULATIONS OF REPURCHASE LIMIT AND THE APPLICATION OF CLAUSE 3.6(b)(viii)**" in the **Annexure** hereto sets out sample calculations of the Repurchase Limit and the application of this **Clause 3.6(b)(viii)**.

- ix) For the purposes of determining whether the Repurchase Limit has been exceeded, repurchase requests shall be paid on a 'first come first served' basis.
- x) If repurchase of the Grower's Plot(s) is deferred under **Clause 3.6(b)(viii)**, the Management Company shall, at least 30 days before the expected repurchase, request the Grower to deliver to the Management Company the Repurchase Documents within 14 days of the date of the request failing which:
 - 1) the approval of the repurchase request lapses;
 - 2) the Repurchase Form is deemed to have been cancelled; and
 - 3) the Management Company shall forfeit the processing fee, if any, paid or payable with respect to the repurchase request.
- xi) Subject to **Clause 3.6(b)(xii)**, if the repurchase has been deferred under **Clause 3.6(b)(viii)**, upon notification by the Management Company under **Clause 3.6(b)(x)** and PROVIDED THAT the Grower has delivered the Repurchase Documents to the Management Company within the time frame stipulated in **Clause 3.6(b)(x)**, the Management Company shall pay to the Grower the Repurchase Price within 60 days of receipt of the Repurchase Documents.
- xii) The Management Company may convene a meeting of Growers for the purpose of putting forward a proposal to close the Scheme before the Maturity Date for the consideration of the Growers if:
 - 1) there are insufficient funds to meet repurchase requests or the Management Company is of the view that there will be insufficient funds to meet anticipated repurchase requests; or
 - 2) the Management Company is of the view that the volume or timing of repurchase requests is such that the Scheme is no longer viable or it would be unfair to Growers in general to meet such requests.
- xiii) If the proposal under **Clause 3.6(b)(xii)** to close the Scheme is passed by a majority in number representing 3/4 in value of the Growers present and voting either in person or by proxy at the meeting:
 - 1) the Management Company is immediately relieved of its obligation to repurchase any Grower's Plot;
 - 2) all repurchase requests received before the date of exercise of the option lapse and the relevant Repurchase Forms are deemed to have been cancelled;
 - 3) any Repurchase Form received on or after the date of exercise of the option shall be rejected;

- 4) the Management Company ceases to be obliged to pay any Repurchase Price outstanding; and
- 5) the Management Company will:
 - a) agree with the Trustee the timing and procedure for selling the Plantation and **Clauses 3.11(b) and 3.11(c)** shall apply with any necessary changes; and
 - b) refund to the Grower an amount calculated in accordance with **Clause 3.12** within 60 days of the date of receipt of the net proceeds of sale of the Plantation; and
 - c) enter into a deed of termination with the Trustee to terminate the Scheme
- xiv) If the proposal under **Clause 3.6(b)(xii)** to close the Scheme is rejected by Growers, the Management Company may recommend to the Trustee to wind up the Scheme.
- xv) Upon payment of the Repurchase Price under **Clause 3.6(b)(vii)** or **Clause 3.6(b)(xi)**:
 - 1) the Management Company shall cancel the relevant Grower's Certificate and cause the name of the Grower to be deleted from the Register of Growers; and
 - 2) the Grower ceases to be entitled to any rights and privileges under the Grower's Management Agreement or to have any claims whatsoever against the Management Company.

Thereafter the Grower's Management Agreement shall become null and void and neither party shall have any further claims against the other in respect of or arising out of the Grower's Management Agreement save and except for any antecedent breach of the Grower's Management Agreement.

- xvi) All Grower's Plots repurchased belong to the Management Company and the Management Company may resell any such Grower's Plot at such price as may be determined by the Management Company from time to time.

3.7 Register of Growers

- a) The Management Company shall maintain a Register of Growers which shall be kept under the control of the Management Company in written form or by other means (including microfilm, microfiche or electronic recording) as the Trustee may from time to time approve and there shall be entered in the Register of Growers:-

- i) the names, addresses, identity card / passport number / company number (as the case may be) and the Grower's Certificate number of each Grower;
 - ii) the date on which the name of each Grower was entered into the Register of Growers;
 - iii) the date on which any person ceases to be a Grower;
 - iv) all transactions involving the Grower;
 - v) any change of name or address or identity card or passport number or any other relevant details on the part of the Grower;
 - vi) any other details involving the Grower which are deemed necessary by the Trustee and Management Company.
- b) The Register of Growers shall be kept up to date.
- c) In the event of any discrepancies whatsoever, unless manifestly incorrect, the entries made in the Register of Growers shall be deemed to be correct and the Trustee shall be entitled to accept the copy of the entries duly certified by an authorised officer of the Management Company as being a correct copy of the Register of Growers for the time being and the Trustee shall not be required to enquire further into the authenticity of the Register of Growers nor shall it be held responsible for any mistake in either the entries or such copy.
- d) The Trustee shall ensure that the Register of Growers is properly maintained.
- e) The Management Company shall ensure that the Register of Growers shall be made available for inspection of the Trustee and/or Growers at the place of business of the Management Company free of charge during normal business hours of the Management Company and shall ensure that all information and extracts from the Register of Growers as requested by the Trustee from time to time is provided to the Trustee in an expedient manner. If the Register of Growers is kept in some form whereby it cannot be read in the normal manner the provisions of this clause may be satisfied by the production of legible evidence of the contents of the Register of Growers.

3.8 Transfer/Transmission of Grower's Plots

- a) Provided that the Grower is not in breach of any of the terms and conditions of the Grower's Management Agreement and the Rules, the Grower may, after a period of 12 months from the Commencement Date, request to transfer his Grower's Plot(s) (in whole only but not in part) to any other person subject to the prior written consent/approval of the Management Company and in accordance with the procedures and subject to the fulfillment of all the terms and conditions of the Grower's Management Agreement and the Rules governing the transfer of such Grower's Plot(s).

- b) Where:
- i) the Grower is a natural person, the Grower dies, becomes a bankrupt or is legally incapacitated; or
 - ii) the Grower is a corporate person, the Grower is wound up or liquidated,
- any person claiming to be entitled to the Grower's Plot(s) (hereinafter referred to as "**the Entitled Person**") in consequence thereof may request to be registered as the new Grower in place of the original Grower in accordance with the procedures and subject to the fulfillment of all the terms and conditions of the Grower's Management Agreement and the Rules.
- c) If the Management Company approves the request under **Clause 3.8(a) and (b)** above and the Entitled Person is registered in the Register of Growers in place of the original Grower:
- i) all rights, entitlements, obligations and liabilities of the Grower under the Grower's Management Agreement shall be assigned and transferred to the Entitled Person;
 - ii) the Entitled Person shall thereafter become and be deemed to be the Grower for the purposes of the Grower's Management Agreement in lieu of and to the exclusion of the original Grower; and
 - iii) the original Grower ceases to be entitled to any rights and privileges under the Grower's Management Agreement or to have any claims whatsoever against the Management Company; BUT
 - iv) the original Grower or his estate (as the case may be) shall remain primarily liable to the Management Company for any antecedent breaches under the Grower's Management Agreement and the Rules.
- but any transfer hereunder shall confer no rights on the Entitled Person to the Grower's Plot(s) until such time as the Management Company shall have notified the Entitled Person that his name has been registered in the Register of Growers.
- d) The Management Company reserves the right of refusal in respect of a transfer request without assigning any reason for such refusal.

3.9 Request for Prospectus and Certificate of Good Standing

- a) The Management Company shall provide each transferee of the Grower's Plot(s) with a copy of the current prospectus when requested by the current Grower. The Grower who intends to sell the Grower's Plot(s) shall provide the prospective transferee with a current prospectus failing which the Grower shall commit an offence under the Interest Schemes Act.

- b) The Grower may obtain the following documents from the Management Company who shall furnish the same within fourteen (14) days from the date on which the written request is made to the Management Company, PROVIDED that the respective fee for such documents has been paid in full by the Grower to the Management Company:
- i) a copy of the current Prospectus for a fee which is not to exceed Ringgit Malaysia twenty (RM20.00) only or such other amount as may be prescribed by the Management Company from time to time;
 - ii) a certificate certifying inter alia :-
 - 1) that the Grower's Fee and the annual Management Fee are not in arrears;
 - 2) whether, as far as the Management Company is aware, there are any legal proceedings in existence affecting the Scheme and/or the Management Company; and
 - 3) whether the Plantation is sufficiently covered by insurance,for a fee not exceeding Ringgit Malaysia Five (RM5.00) only or such other amount as may be prescribed by the Management Company from time to time.

3.10 Termination of Scheme

a) Termination Event

Notwithstanding anything to the contrary contained in the Trust Deed and subject always to **Clauses 3.10(b), (c) and (d)** below, the Scheme shall operate for a duration expiring on the Maturity Date and continue to subsist for so long as there shall be a valid Grower's Management Agreement or for such other time as shall be agreed between the Trustee and the Management Company or unless earlier determined by the Management Company if it appears to be in the interest of the Growers during such period as is or such periods as are agreed upon mutually between the Trustee, the Management Company and the Growers, whereby the Trustee, the Management Company and the Growers may execute a deed of termination to terminate the Trust Deed and the Scheme.

The Scheme shall terminate on the earliest to occur of the following:

- i) the date on which the Management Company closes the Scheme under **Clause 3.6(b)(xii)**;
- ii) the date on which the Scheme is voluntarily closed under **Clause 3.10(b)**;
- iii) the date on which the Scheme is closed upon listing on the Malaysian stock exchange under **Clause 3.10(c)**;

- iv) the date on which the Scheme is wound up under **Clause 3.10(d)**; and
- v) the Maturity Date.

b) Voluntary Closure

The Scheme may be voluntarily closed in accordance with the Trust Deed if the holders of at least 1/10 in value of Grower's Plots request the Management Company to convene a meeting of Growers to consider a resolution to close the Scheme before the Maturity Date; and at such meeting the resolution is passed by a majority in number representing 3/4 in value of the Growers present and voting either in person or by proxy at the meeting. If such a resolution is passed, the Management Company shall:

- (i) agree with the Trustee the timing and procedure for the sale of the Plantation and **Clauses 3.11(b) and (c)** shall apply with any necessary changes;
- (ii) refund to the Grower an amount calculated in accordance with **Clause 3.12** within 30 days from the date of receipt of the net proceeds of the sale of the Plantation; and
- (iii) enter into a deed of termination with the Trustee to terminate the Scheme.

c) Listing on Stock Exchange

The Scheme may be voluntarily closed upon listing thereof on the Malaysian stock exchange if the Management Company decides to list the Scheme and convenes a meeting of Growers to consider a resolution to list the Scheme on the Malaysian stock exchange and close the Scheme before the Maturity Date; and at such meeting the resolution is passed by a majority in number representing 3/4 in value of the Growers present and voting either in person or by proxy at the meeting.

If such a resolution is passed, the Management Company shall agree with the Trustee the timing and procedure for the listing of the Scheme on the Malaysian stock exchange and allot the Growers the relevant number of shares in accordance with the number of Grower's Plot(s) held by them at the material time.

d) Winding up on Liquidation, etc

The Scheme may be wound up in the event that the Management Company goes into liquidation or if in the opinion of the Trustee the Management Company has ceased to carry on business or has, to the prejudice of the Growers, failed to comply with the terms of the Trust Deed and in a meeting of the Growers summoned by the Trustee, duly convened and held in accordance with the provisions of Part V of the Interest Schemes Act, a resolution is passed by a majority in number representing 3/4 in value of the Growers present and voting either in person or by proxy.

If such a resolution is passed that the Scheme be wound up, then the Trustee shall apply to the Court for an order confirming the resolution.

On an application by the Trustee the Court may, if it is satisfied that it is in the interest of the Growers, confirm the resolution and may make such orders as it thinks necessary or expedient for the effective winding up of the Scheme.

e) Consequences upon Termination

If the Scheme is terminated:

- i) the Growers cease to be entitled to any rights or privileges (including, but not limited to, the right to receive the Net Profit) under the Trust Deed and/or the Grower's Management Agreement and shall have no further rights or claims whatsoever against the Management Company nor in respect of the Scheme BUT the Growers or the Growers' heir, personal representative, successors-in-title or permitted assign, as the case may be, shall remain liable for all outstanding monies due to the Management Company under the Trust Deed and/or the Grower's Management Agreement or in respect of the Scheme until full payment thereof;
- ii) all amounts paid by the Growers to the Management Company shall be forfeited and retained by the Management Company; and
- iii) the Growers shall cause the Grower's Plot(s) to be returned by the surrender of the Grower's Certificate to the Management Company.

PROVIDED ALWAYS that such termination shall be without prejudice to the Management Company's rights against the Growers in respect of any antecedent breach by the Growers of the Grower's Management Agreement and the Rules.

3.11 Payment On Termination of Scheme

- a) At least 18 months before the Maturity Date, the Management Company shall agree with the Trustee the timing and procedure for the sale of its interest in the Plantation in accordance with the Trust Deed.
- b) The procedures for the sale shall include, but not be limited to, a procedure requiring the appointment of an independent valuer to determine the fair market value of the Plantation.
- c) Notwithstanding **Clause 3.11(a)**, the Management Company may in its sole and absolute discretion elect to acquire the Plantation based on a fair market value as determined by an independent valuer appointed under **Clause 3.11(b)**.
- d) The Management Company shall refund to the Grower the amount calculated in accordance with **Clause 3.12** within 30 days of the date of receipt of the net proceeds of sale of the Plantation.

3.12 Refund upon Termination of Scheme

Upon termination or expiry of the Scheme under **Clauses 3.6(b)(xii), 3.10(b) or 3.11**, the Management Company shall refund to a Grower for each Grower's Plot an amount equal to the Net Sale Proceeds attributable to a quarter acre of the Plantation. For the purposes of calculating the amount to be refunded "**Net Sale Proceeds**" means the proceeds of sale of the Plantation after deducting costs and expenses incurred in relation to the sale (including, but not limited to, valuation, legal and audit costs), taxes, duties, lawful set-offs, deductions, costs, expenses, charges and outgoings.

4. APPLICATION FOR GROWER'S PLOT(S)

4.1 Application Form

- a) An Applicant may apply for a Grower's Plot(s) by completing and executing an Application Form and the Grower's Management Agreement and such other documents in the form prescribed by the Management Company and submitting the same to the Management Company with the requisite payment required by the Management Company.
- b) The Management Company reserves the right to reject the application without assigning any reason for such refusal. In the event the application is rejected, the Management Company shall immediately notify the Applicant of such rejection and refund such payment paid by the Applicant under **Clause 4.1(a)** hereto, free of interest to the Applicant within 14 days of the notice of rejection. Such refund will be made by cheque in the name of the Applicant and sent by ordinary post to the address of the Applicant specified in the Application Form. No third party cheque will be made.
- c) Upon acceptance of an Applicant's application, and after the Cooling-Off Period the Management Company shall notify the Applicant of the success of his application whereupon the Management Company shall execute the Grower's Management Agreement and deliver to the Applicant a duly executed and stamped Grower's Management Agreement for his retention.
- d) The Grower's Management Agreement shall take effect on the date thereof ("**the Commencement Date**") subject to:
 - i) the payment of the Grower's Fee to the Management Company;
 - ii) the execution by the Applicant of the Grower's Management Agreement; and
 - iii) the approval by the Management Company under **Clause 4.1(c)** above.

4.2 Cooling-Off Period

- a) An Applicant may, by written notice to the Management Company, withdraw his application for a Grower's Plot without any deduction or penalty during the Cooling-Off Period.
- b) Upon receipt of the notice under **Clause 4.2(a)** above, the Management Company shall refund the Grower's Fee to the Applicant, free of interest, within fourteen (14) days of receipt of the said notice of withdrawal following which the Applicant shall cease to have any rights, privileges or interests whatsoever in the Grower's Plot(s), the Grower's Management Agreement and/or the Scheme.

4.3 Grower's Certificate and Register of Growers

The Management Company shall issue the Grower's Certificate to the Grower and register the Grower's name in the Register of Growers in accordance with the provisions of the Trust Deed within thirty (30) days of the last of the following to occur:

- a) the receipt of the Grower's Fee from the Grower;
- b) the receipt of the Grower's Management Agreement duly executed by the Grower; and
- c) the approval by the Management Company under **Clause 4.1(c)** above for the Grower to acquire the Grower's Plot(s).

The Register of Growers will be updated from time to time and maintained by and kept under the control of the Management Company at the Business Office and the Trustee and any Grower shall be entitled to inspect the Register of Growers free of charge at the Business Office at any time during normal business hours.

The Register of Growers will be conclusive evidence that the Grower's Plot described therein is vested in the Grower for the time being named therein.

4.4 No Grower's Plots to be sold later than 6 months after the date of the Prospectus

Unless otherwise approved by the Registrar of Companies from time to time, no Grower's Plot to be sold to a Grower pursuant to any statement or prospectus which may be required to be issued by the Management Company under any written law for the time being in force shall be sold by the Management Company later than six (6) months after the date of such statement or prospectus, or no later than such period as shall otherwise be approved by the Registrar of Companies for the extension of the validity period of such statement or prospectus.

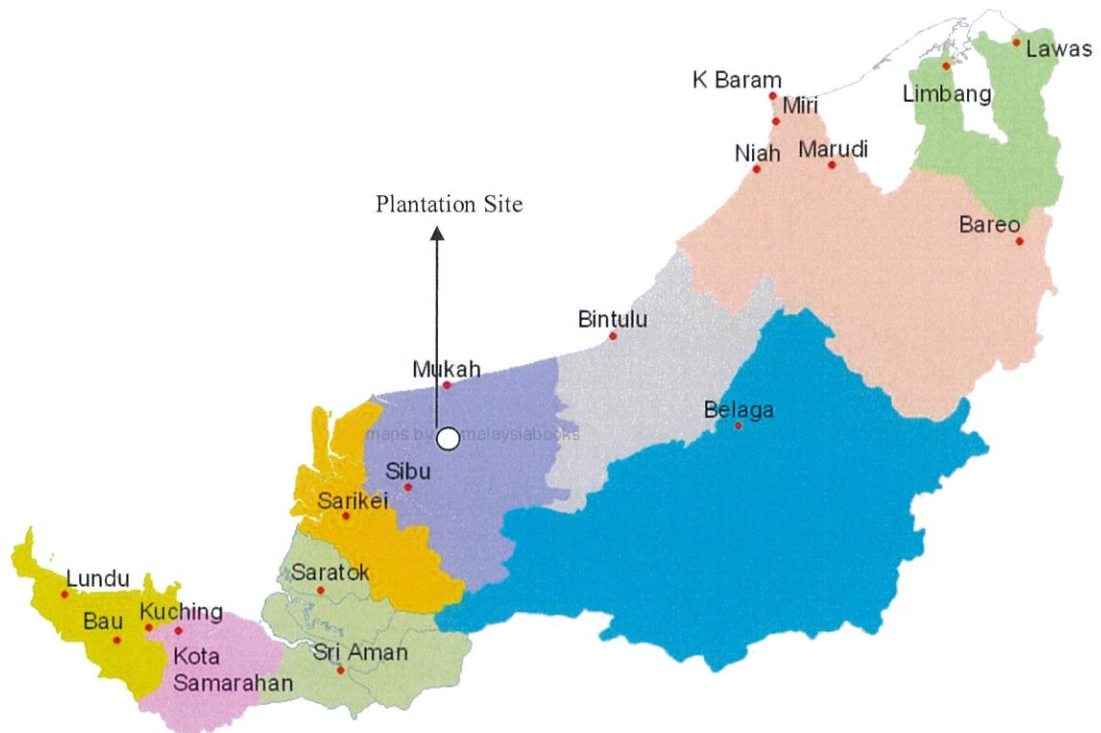
5 DETAILS OF PLANTATION

5.1 Particulars of Land

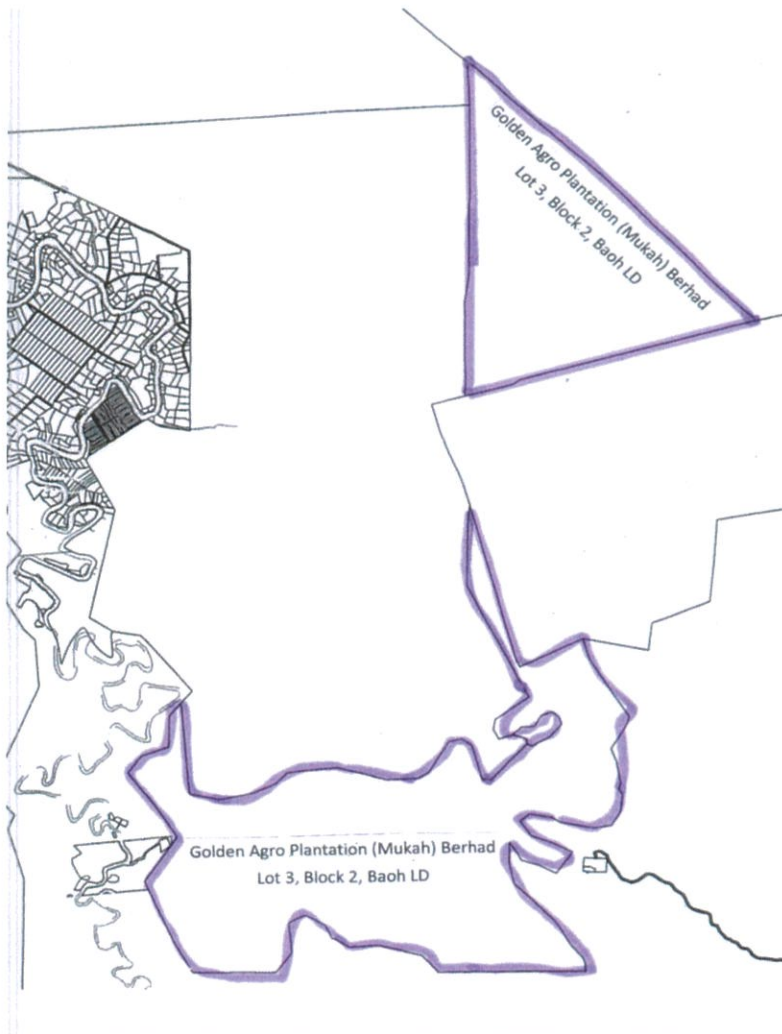
The Land which is owned by the Management Company measures approximately 5,096 hectares (equivalent to 12,587 acres) and is held under Lot No. 3, Block/Section No.2, Baoh Land District, Mukah Division, State of Sarawak, of which the Plantation is part.

5.2 Location and Site Plan of the Land and Plantation

(a) Location Plan



(b) Site Plan



5.3 Feasibility Study

The Management Company has in February 2012 appointed an independent consultant to conduct a feasibility study of developing oil palm plantation on the above land. The independent consultant confirmed that the project is viable due to the following:

- (i) The Environmental Impact Assessment carried out by an independent Environmental Consultant in August 2008 states that the suitability of land for oil palm cultivation is certain due to :-
 - a) Despite being generally marginal soils for Oil Palm cultivation, this could be mitigated by proper planning and implementation of mitigation measures during the duration of the project. All mitigating measures taken shall be properly recorded.

- b) The good rainfall which the project area receives annually will be conducive to oil palm growth.
 - c) The generally good road access to the north and south of the project area will be able to reduce the transportation cost for agricultural inputs required by the project.
 - d) The availability of longhouses in the vicinity of the project area will also be beneficial as local labours could be sourced easily.
 - e) The project area is situated near the Sungai Narub and good drainability could be achieved through construction of good networks of drainage system thereby minimising the incidence of flooding during the monsoon season.
- (ii) The Management Company and personnel with application of Precision Farming Technique will succeed in reaching the Potential. Precision farming means application of all Best Practices precisely. However, improvement on existing Best Practice is encouraged. It must be scientifically proven that improvements have been made. In scientifically proving, the outcome must be repeatable.
- (iii) Palm Oil viability as a product is not a risk.

5.4 Status of Development of the Plantation

The summary of the development of the plantation as at 19 July 2023 are as below:

a) Area Statement:

<u>Field</u>	<u>Area (HA)</u>
Mature	
Sg Baoh Utara	1,372.09
Sg Baoh Selatan	1,003.06
Immature	
Sg Baoh Utara	-
Sg Baoh Selatan	-
Total Planted Area	2,375.15
Planting in Progress	NIL
Development in progress	852.53
Low Lying Area	845.03
Sub Total	4,072.71
Riverine Reserve – Sg Baoh	34.29
Building Sites	23.10
Nursery	10.00
Ponds etc	39.70
Reserve Land for Building	48.20
Sub Total	155.29
Grand Total	<u>4,228.00</u>

b) Nursery:

The 10 hectare nursery in Block R is planned to be utilized for additional areas planted as all area have been declared as mature area.

c) Buildings /Amenities

The building list is as follows:-

Description	Block	Units	Location
1. Estate Office	2	2	Block R, Baoh
2. 400 MT Fertilizer Store	1	1	Block R
3. 800 MT Fertilizer Store	1	1	Block R
4. Mess Quarters	1	7	Block R
5. Staff Quarters	2	8	Block R
6. Semi D Quarters	1	2	Block R
7. Labour Quarters	2	8	Block R
8. Labour Quarters	3	10	Block R
9. Labour Quarters	3	10	Baoh
10. Temp. Labour Quarters	5	3	Block P
11. Artisan Quarters	1	10	Block R
12. Workshop / Storeroom		1	Block R
13. 40,000 lit Diesel Tank		2	Block R
14. Chemical Store		2	Block R
15. Water Treatment House		1	Block R
16. Watchmen Shed		1	Block R
17. Drop Gate		1	Block R
18. Schedule Waste House		1	Block R
19. Canteen/ Convenience Store		1	Block R
20. Clinic		1	Block R

d) Upkeep & Maintenance

Upkeep & Maintenance such as fertilizer application and weeding has been conducted as per program. The census team is doing census work - identify infilling and replacements. The management is also performing maintenance and upkeep work such as roads levelling, surfacing and compaction.

5.5 Insurance Coverage

In accordance with industry practice, the Management Company has taken out the following insurances for the Plantation:

- (a) fire and allied perils;
- (b) equipment all risks (off road machineries and vehicles);
- (c) burglary; and
- (d) public liability

5.6 Independent Consultant

The Independent Consultant will conduct a semi-annual review and inspection of the Plantation's operations which encompasses a review of the progress of development of the Plantation and the quality of work carried out at the Plantation. Thereafter the Independent Consultant shall submit the report of the review ("**the Report**") to the Management Company who shall within 30 days after receiving the Report, submit a copy of the Report to the Trustee and the Registrar of Companies.

6. THE MANAGEMENT COMPANY

6.1 Management Company's Covenants

The Management Company shall be subject to and shall comply with the provisions of the Trust Deed in the operation and management of the Scheme. The Management Company covenanted in the Trust Deed that so long as the Scheme is not terminated in the manner provided in the Trust Deed, it shall:-

- a) use its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure that the Scheme is carried on and conducted in a proper and efficient manner in accordance with the terms and conditions of the Trust Deed;
- b) the contractual document to be executed between the Management Company and the Grower is the Grower's Management Agreement and that in each case, there is a "cooling-off period" of at least ten (10) days commencing from the date that the Applicant submits the Application Form for a Grower's Plot to the Management Company;
- c) maintain accurate and complete accounting and other financial records in respect of the Plantation in accordance with the requirements of all applicable laws and generally accepted accounting principles;
- d) make available to the Trustee or representative or its auditor for inspection the whole of the books of the Management Company whether kept at its registered office or elsewhere during normal business hours of the Management Company, as if the Trustee or representative or its auditor were directors of the Management Company;
- e) give to the Trustee or representative or its auditor, to the same extent as if the Trustee or representative were a director of the company, such oral or written information as it requires with respect to all matters relating to the operation and management of the Scheme or any property forming part of the Scheme (whether acquired before or after the date of the Trust Deed) or otherwise relating to the affairs thereto;
- f) make available or ensure that there is made available to the Trustee such details as the Trustee requires with respect to all matters relating to the Scheme;
- g) not, without the approval of the Trustee or the Trustee's representative, publish or cause to be published any advertisement circular or other document containing any statement with respect to the sale price of the Grower's Plots to which the Trust Deed relates or any invitation to purchase the Grower's Plots and shall ensure that it complies with Section 35 of the Interest Schemes Act;
- h) ensure that any advertisements relating to the Scheme and/or the sale of the Grower's Plots shall not in any manner whatsoever contain any untrue or false statements, information or description with the intent to misrepresent or mislead members of the public;
- i) fulfill all promises or obligations which have been made to the Growers, which are contained or published in any advertisement or any other document offering the Grower's Plots for sale;

- j) make available documentary information concerning the Scheme in ordinary language which will be sufficiently comprehensible in daily parlance for the information of the Growers;
- k) unless otherwise allowed by the Registrar of Companies, the Management Company shall ensure that a statement or prospectus pursuant to Section 28 of the Interest Schemes Act shall be registered with the Registrar of Companies no later than six (6) months from the date of the preceding statement or prospectus, or no later than such period as shall otherwise be approved by the Registrar of Companies for the extension of the validity period of such statement or prospectus;
- l) procure and maintain the relevant insurance policy(ies) relating to the Plantation which would normally be acquired by a prudent oil palm plantation according to industry practice and to pay all premiums and other monies payable in respect of such insurance policy(ies) and on the Trustee's request, produce all insurance policies effected for the Trustee's inspection;
- m) pay to the Trustee within thirty (30) days after receipt by the Management Company, any monies that under the Trust Deed, are payable by the Management Company to the Trustee;
- n) not to sell the Grower's Plots otherwise than at a price determined in accordance with the Trust Deed;
- o) not charge or encumber the Plantation or the Land to any party whatsoever in any way except with the prior written consent of the Trustee;
- p) maintain the Plantation in a condition conducive for oil palm growth;
- q) comply with all relevant laws relating to environment as may be amended from time to time;
- r) use the Land for the purpose of oil palm plantation only;
- s) not do or suffer anything to be done whereby the insurance policy(ies) taken out pursuant to **Clause 6.1(i)** may be or become void or voidable or the terms thereof may be breached;
- t) not alter or vary its nature of business as an oil palm plantation developer and/or operator;
- u) the Management Company shall not increase the Management Fee against the Growers more than once per annum, and Provided Always that in the event of any increase in the Management Fee, such increase shall not exceed five per centum (5%) of the Management Fee subsisting at that time unless approved by the Trustee and the Growers must be informed;
- v) ensure that all its and the Marketing Company's sales personnel and agents have undergone training and that each of them is a fit and proper person to conduct sales for and on behalf of the Management Company AND also be able to provide investors with a clear understanding of the Scheme as an investment option and respond to and explain on enquiries on all relevant aspects of the Scheme AND the Management Company shall also ensure that the Marketing Company does

not indulge in hard-sell techniques which put the public under undue pressure and duress to sign up for the Scheme;

- w) ensure that it and/or the Marketing Company, its sales personnel and agents shall comply with the relevant laws and guidelines drawn up for compliance by the relevant regulatory authority from time to time;
- x) ensure that it and/or the Marketing Company shall have proper and adequate systems and equipment (including computer systems) to facilitate convenient transactions between the Growers and the Management Company;
- y) ensure that its personnel and/or the Marketing Company's sales personnel and agents shall be adequately trained to use and maintain computer systems in relation to the Scheme;
- z) ensure that the Marketing Company does not, without the prior written consent of the Management Company, publish any advertisement, circular or other document containing any statement with respect to the Scheme;
- aa) ensure that any representation made by the Marketing Company, its sales personnel and/or agents is correct and is in accordance with the Prospectus;
- bb) ensure that the Marketing Company will not be involved in any way in relation to the secondary market;
- cc) ensure that the Marketing Company shall not delegate its authority to another party to sell the Grower's Plots on behalf of the Management Company.

In addition to the above, the duties and responsibilities of the Management Company are also set out in other parts of this Prospectus.

6.2 Retirement, Removal or Replacement of Management Company

The Management Company being the proprietor and manager of the Scheme is not subjected to any deed regulating its retirement, removal and replacement as the Management Company and manager. The Management Company may, with prior approval from the Trustee and the Registrar of Companies, appoint a manager to manage the Scheme but the manager shall have no right whatsoever to remove, retire and replace the Management Company nor does the manager have any powers whatsoever to terminate the Scheme. However, should the Management Company desire to retire, it may do so subject to the Management Company obtaining the prior approval of the Registrar of Companies and appointing another company prior to the date of retirement.

7. THE TRUSTEE FOR THE SCHEME

7.1 Establishment of a Trust, the Trust Deed and Parties to the Deed

Pursuant to Section 2 of the Interest Schemes Act, the proposed sale of the Grower's Plots by the Management Company is a sale of interests in the **Golden Agro Growers Scheme** which requires the Management Company to seek the Registrar of Companies' approval of an approved trust deed which is in compliance with the Interest Schemes Act and such regulations made thereunder.

Pursuant thereto, the Management Company, Trustee and the Growers have entered into a Trust Deed dated 1 November 2012. The main purpose of the Trust Deed is to protect the rights and interests of the Growers. The Trust Deed specifically sets down, amongst other things, the duties and responsibilities of the Trustee which include administration of the trust account(s) for the Scheme into which all monies received from the Growers are paid and ensuring that monies released to the Management Company are used appropriately in accordance with the terms and conditions of the Trust Deed. A copy of the Trust Deed will be made available to Growers for their perusal at the Management Company's premises during office hours.

It is intended that the Grower's Fee collected by the Management Company shall be paid into trust accounts which shall be administered and managed by the Trustee upon the terms and conditions set out in the Trust Deed.

7.2 Appointment of Trustee

In consideration of the payment of the Trustee's Fees, My Premier Trustee (Malaysia) Berhad (Company No. 200501037247 / 719395-T), a trust company registered under the Trust Companies Act 1949, agrees to act as Trustee for the Scheme and the Trustee hereby declares that it shall hold the Grower's Fee Trust Account and the Reserve Fund Trust Account upon trust and to fulfil the obligations stated in the Trust Deed upon the terms and conditions set out therein.

The principal responsibilities of the Trustee are set out at length in this Prospectus.

7.3 Remuneration, Indemnity and Liability of Trustee

- a) The Trustee for the time being shall be entitled to be paid and retain all usual professional or proper charges and commissions for business done by the Trustee. The Management Company shall pay the Trustee by way of remuneration such sum as shall be agreed upon between the Trustee and the Management Company or such other amount as shall be mutually agreed between the Management Company and the Trustee from time to time, commencing from the date of the Trust Deed and throughout the period the Trustee remains as a trustee of the Trust Deed.
- b) Without prejudice to the right to indemnity by law given to trustees, the Trustee shall, in the absence of fraud, crime or negligence be indemnified by the Management Company in respect of all liabilities and expenses properly incurred in the execution or purported execution of its duties under the Trust Deed and against all actions proceedings costs expenses claims and demands in respect of

any matter or thing made, done or omitted in any way relating to the Scheme and the performance of its duties therein.

- c) All remuneration and out of pocket expenses to be incurred by the Trustee in the performance of its duties and obligations under the Trust Deed shall be reimbursed out of the Scheme's funds as and when the same is incurred.

7.4 Trustee's Duties - Trust Accounts

a) Opening of Trust Accounts

The Trustee shall open the following trust accounts for the Management Company with a licensed financial institution in Malaysia approved by the Management Company:

- i) an interest bearing deposit account ("**Grower's Fee Trust Account**") for the purpose of depositing the Grower's Fees received; and
- ii) an interest bearing deposit account ("**Reserve Fund Trust Account**") for the purpose of depositing the Reserve Fund described in **Clause 7.4(c)** hereto.

The Grower's Fee Trust Account and Reserve Fund Trust Account shall be held on trust by the Trustee and utilised in the manner as set out herein.

b) Grower's Fee Trust Account

All Grower's Fees received or collected by the Management Company from the Growers shall be paid by the Management Company to the Trustee within thirty (30) days from the date of receipt or collection of such Grower's Fees or such part thereof from the Grower or his financier and the Trustee shall forthwith deposit such monies into the Grower's Fee Trust Account. All interest earned thereon shall be accumulated to the principal until release thereof by the Trustee to the Management Company as hereinafter provided.

The Management Company may at any time instruct the Trustee to deal with the relevant Grower's Fee in accordance with **Clauses 7.4(c), 7.4(d) and 7.4(e)** hereto.

Any monies deposited into the Grower's Fee Trust Account by the Management Company prior to the expiry of the Cooling-Off Period shall be held in trust by the Trustee for the Applicant until the expiry of the Cooling-Off Period. In the event that any application is withdrawn by an Applicant during the Cooling-Off Period, the Trustee shall release such monies, free of interest, to the Applicant.

c) Reserve Fund Trust Account

Within three (3) days of the Trustee's receipt of such instruction from the Management Company under **Clause 7.4(b)** above, the Trustee shall transfer the following amounts ("**the Reserve Fund**") from the Grower's Fee Trust Account into the Reserve Fund Trust Account:

- i) a proportionate amount equal to ten percent (10%) of the Grower's Fee to be used for the following purposes:
- 1) during Planting Phase – 2% to pay for unbudgeted development expenditure and cost overruns, if any;
 - 2) during Repurchase Period – 3% to satisfy requests to repurchase Grower's Plots; and
 - 3) for the duration of the Scheme - 5% to cover the costs of reasonable claims in respect of any improvements and enhancements of the yield, harvesting and/or major maintenance of the trees and infrastructure of the Plantation

to be released to the Management Company upon the Management Company providing supporting documents for the withdrawal of the monies and approved by the Trustee, SUBJECT ALWAYS to five percent (5%) of the said amount being maintained for the duration of the Scheme, subject to the terms of the Trust Deed and approval of the Trustee;

- ii) an amount equal to:
- 1) at any time before the first six (6) months of the Launch Date – thirty five percent (35%) of the Grower's Fee; or
 - 2) at any time on or after the first six (6) months of the Launch Date – three point five percent (3.5%) of the Grower's Fee for every six (6) months or part thereof remaining in the Planting Phase,

to be released to the Management Company at the following times and manner:-

Date of release	% to be released
1 st 6 months of the Launch Date	3.5%
2 nd 6 months of the Launch Date	3.5%
3 rd 6 months of the Launch Date	3.5%
4 th 6 months of the Launch Date	3.5%
5 th 6 months of the Launch Date	3.5%
6 th 6 months of the Launch Date	3.5%
7 th 6 months of the Launch Date	3.5%
8 th 6 months of the Launch Date	3.5%
9 th 6 months of the Launch Date	3.5%
10 th 6 months of the Launch Date	3.5%

d) Utilisation of balance of Grower's Fee

Upon the expiry of the Cooling-Off Period and confirmation by the Management Company of its acceptance of the application by the Applicant, the Trustee shall pay the balance of the Grower's Fees (after deducting the Reserve Fund transferred to the Reserve Fund Trust Account in accordance with **Clause 7.4(c)** herein) together with any interest accrued thereon, to the Management Company within three (3) days after receipt of an instruction under **Clause 7.4(b)**. Thereafter the Management Company shall not be liable to account for the same to the Trustee.

e) Investment of monies by Trustee

The Trustee shall be entitled to invest the monies from the Reserve Fund in suitably liquid and secure investments or in any other investments authorised by law and approved by the Management Company and all interest and/or income generated by such investment shall be accumulated to the principal and accrue to the Reserve Fund; PROVIDED THAT no moneys from the Reserve Fund shall be invested in or lent to the Management Company or to the Trustee or representative or to any company (other than a prescribed corporation within the meaning of Section 49(3) of the Interest Schemes Act) which is by virtue of Section 7 of the Companies Act deemed to be related to the Management Company or the Trustee or the representative, unless exempted by the Minister.

The Reserve Fund and all interest and/or income generated by investment of the Reserve Fund is to be utilised in whole or in part for the purposes stipulated under the Trust Deed.

7.5 Trustee's Duties and Covenants

The Trustee hereby covenants with the Management Company and with the intent that the benefit of the said covenants enure not only to the Management Company but also to the Growers jointly, and each of them severally, that during the term of its appointment under the Trust Deed, it shall:-

- (a) exercise all due diligence and vigilance in carrying out its functions and duties stipulated in the Trust Deed and overseeing the rights and interests of the Growers as therein described;
- (b) in the event that trust accounts are to be established by it pursuant to the provisions in the Trust Deed, deal with the funds in the trust accounts in the manner stipulated therein;
- (c) ensure that the Register of Growers is properly maintained by the Management Company;
- (d) ensure that the insurance policy(ies) in respect of the Plantation is obtained by the Management Company for the duration of the Scheme;

- (e) keep or cause to be kept proper books of accounts in relation to the interests to which the Trust Deed relates;
- (f) cause those accounts to be audited at the end of each financial year by the Auditors;
- (g) send or cause to be sent by post a statement of the accounts with the report of the Auditors thereon within two months of the end of the financial year to each Grower;
- (h) ensure that the Management Company's obligations are properly discharged;
- (i) make visits to the Plantation to inspect the condition of the Plantation and seek remedial action in the event of any matter not to its satisfaction;
- (j) ensure that the interest of the Growers are preserved and protected;
- (k) investigate any reasonable complaints made by any Grower to the Trustee in relation to the Scheme;
- (l) report to the Registrar of Companies in the event of any irregularity or non-compliance by the Management Company with the covenants of the Trust Deed and/or such guidelines and requirements of the relevant authorities or any other matter properly regarded by the Trustee as not being in the interest of the Growers;
- (m) hold meetings with the Independent Consultant to obtain the necessary feedback on the operations of the Plantation;
- (n) procure and obtain reports from the Independent Consultant to ensure that the development of the Plantation is fulfilled; and
- (o) act continuously as trustee under the Trust Deed until the Scheme is terminated or until the Trustee retires or is replaced or removed from the Scheme in the manner provided for in the Trust Deed.

7.6 Joint Covenants with Management Company

- a) The Management Company and the Trustee shall as from a day to be fixed by the Minister by notice published in the Gazette covenant that they will each respectively not exercise the right to vote in respect of any shares relating to the interests to which the Trust Deed relates held by the Management Company or the Trustee, as the case may be, at any election for directors of a corporation whose shares are so held, without the consent of the majority of the Growers to which the Trust Deed relates present in person and voting given at a meeting of Growers summoned in the manner provided for in the Trust Deed for the purpose of authorising the exercise of the right at the next election.

- b) The Management Company and the Trustee covenant with each other and each Grower that they will comply with all the guidelines and requirements of the relevant authorities which may be imposed from time to time, unless variations are allowed or exemptions granted, and within the provisions of the Trust Deed.
- c) The Management Company and the Trustee covenant that each of them shall fulfil its respective duties and responsibilities imposed by the Trust Deed, the Grower's Management Agreement and the Rules and each of them declares that its duties and responsibilities imposed on it by the Trust Deed, the Grower's Management Agreement and the Rules are in addition to, and not in derogation of, the duties which are otherwise imposed on it by law.

7.7 Powers and Liabilities of Trustee

- a) Without prejudice to the generality of its powers as trustee, the Trustee shall have power from time to time:-
 - i) to receive the Grower's Fee paid by the Growers and hold the same in the Grower's Fee Trust Account and the Reserve Fund Trust Account and deal with the same in a manner set out in **Clause 7.4** herein;
 - ii) to open and operate such bank accounts (including fixed deposit accounts and money market placements) in the name of the Trustee and/or the Management Company as are from time to time considered by the Trustee in consultation with the Management Company to be appropriate;
 - iii) to authorise any one or more of its officers to sign any document on its behalf other than where the document in question is a deed in which case it must be executed by the Trustee under its common seal;
 - iv) to invest all or any part of the monies in the Reserve Fund Trust Account in any investment provided in Section 4 and Section 5 of the Trustees Act 1949 and Section 8 and Section 18 of the Trust Companies Act 1949 and to this end, including but not limited to, investing:-
 - in units, unit trusts or other investment funds;
 - by placing the same on deposit with any local authority, bank, discount house or finance company at such rate of interest (if any) and upon such terms as the Trustee shall think fit;

PROVIDED ALWAYS that each time that the Trustee seeks to make an investment as provided above, the Trustee shall first confer with the Management Company to obtain the Management Company's written sanction of such investment.

- b) Except as otherwise expressly provided in the Trust Deed, the Trustee shall have an absolute and unfettered discretion in exercising all the powers authorities and discretion conferred on the Trustee under the Trust Deed including but not limited to the manner, the mode and time for the exercise hereof.

- c) In the absence of fraud, negligence and/or wrongdoing on the part of the Trustee, the trustee shall not in any way be accountable for any loss, costs, damages or liabilities that may result from the exercise or non-exercise of the powers, authorities and/or discretion hereof.
- d) The Trustee shall not be responsible for any loss incurred through any act, neglect, mistake or default of the Management Company or of any agent of the Management Company and shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Management Company. Whenever pursuant to any provision of the Trust Deed, any certificate, notice, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Management Company by any person or persons whose signature(s) the Trustee is for the time being authorised by the Management Company to accept.
- e) The Trustee may act upon any advice or information obtained from any attorneys, bankers, accountants, lawyers, agents or other persons appointed as agents or advisers of the Trustee. The Trustee shall not be liable for anything done, omitted or suffered in reliance upon such advice or information provided that the Trustee has acted in good faith and with due care in the appointment thereof.
- f) The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, or want of prudence, on the part of any such attorney, banker, accountant, lawyer, agent or other person provided that the Trustee has acted in good faith and with due care in the appointment thereof.
- g) In the execution of the trusts and powers declared in the Trust Deed the Trustee shall not be liable for any loss to the Grower's Fee Trust Account and the Reserve Fund Trust Account arising in consequence of the failure depreciation or loss of any investment made in good faith except that the Trustee shall always be made liable in the event of fraud, negligence and/or wrongdoing on the part of the Trustee.
- h) The Trustee shall not be obliged to institute, maintain or defend any legal proceedings or claim in relation to the trust created in the Trust Deed which in its opinion would or might involve it in expense or liability, unless the Management Company so request of it in writing and as long as an indemnity is furnished by the Management Company which is satisfactory to the Trustee.
- i) The Trustee may in relation to the enforcement of the provisions contained in the Trust Deed act upon the opinion or advice of any lawyer or any information furnished in writing by any Grower.
- j) Any such advice, opinion or information in **Clause 7.7(i)** may be sent by letter or facsimile transmission and the Trustee shall not be liable for acting on any advice, opinion or information purported to be conveyed by any such letter or facsimile transmission although the same may contain errors and/or is not authentic.

- k) The Trustee shall have full power to determine all questions and doubts relating to any of the provisions in the Trust Deed and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee or the Management Company shall be conclusive and binding on the Management Company and the Growers.
- l) The Trustee shall have no duties or responsibilities other than those expressly set forth in the Trust Deed. The Trustee shall be under no liability to the Management Company and/or its agents and/or the Growers by reason of any failure on the part of the Management Company and/or its agents and/or the Growers to perform their obligations under the Trust Deed or under any such other document.
- m) The Trustee shall not be liable for any action taken or omitted by it based on any document presented by the Management Company and/or its agents and/or the Growers which is reasonably believed by the Trustee to be genuine or signed or presented by the Management Company and/or its agents and/or the Growers. Except as provided in **Clause 7.7(n)**, the Trustee shall not incur any liability for following the instructions contained in the Trust Deed or expressly provided for or written instructions given by the Management Company and/or its agents and/or the Growers thereto in accordance with the provisions of the Trust Deed.
- n) The Trustee shall be indemnified and held harmless jointly and severally by the Management Company and/or its agents and/or the Growers and against any expenses, including reasonable counsel fees and disbursements, damages or losses suffered by the Trustee in connection with any claim or demand which in any way, directly or indirectly, arises out of or relates to the Trust Deed or the services of the Trustee hereunder on a full indemnity basis; except that if the Trustee is guilty of wilful misconduct, fraud or gross negligence under the Trust Deed then the Trustee shall bear the losses, damages and expenses arising as a result of such wilful misconduct, fraud or gross negligence. For the purposes hereof, the terms "expense" and "loss" include all amounts paid or payable to satisfy any such claim or demand, or in settlement of any such claim, demand, action, suit or proceeding settled hereto, and all costs and expenses, including, but not limited to, all counsel fees and disbursements, paid or incurred in investigating or defending against any such claim, demand, action, suit or proceeding. The indemnity provided in the Trust Deed shall survive the termination of the Trust Deed and any other agreement made between the parties herein.
- o) The Trustee shall not be obliged to undertake any further duties in relation to the Scheme or bear any other obligations towards the Management Company and the Growers, or any other person or body connected with the Scheme from time to time other than those expressly set out in the Trust Deed and in this particular (but without prejudice to the generality of the above) shall not be required to concern itself in any way with the management of the Scheme save as the Trustee is expressly required so to do in the Trust Deed.
- p) Nothing in this **Clause 7.7** shall be construed in any way so as to exempt the Trustee against liability for breach of trust arising out of the wilful negligence, dishonesty or fraud of the Trustee.

7.8 Retirement, Removal and Replacement of Trustee

- a) The Trustee may retire upon giving three (3) months' written notice to the Management Company of its desire to do so, or such shorter period as the Management Company and the Trustee shall agree, and the Management Company shall within three (3) months of the Trustee's said notice to retire, by deed appoint in its stead or as an additional trustee another trust corporation registered under the Trust Companies Act, 1949 and approved by the relevant authorities, to replace the Trustee as the trustee for the Scheme provided always that the Trustee shall not retire until a new trustee is appointed and **Clause 7.8(b)(viii) and Clause 7.8(c)** shall apply.
- b) The Trustee may be removed and a new Trustee (duly approved as set out in **Clause 7.8(a)**) may be appointed if:-
- i) at least seventy-five per centum (75%) of the Growers in writing so requested or by a majority of not less than seventy-five per centum (75%) of the votes of those Growers present (in person or by proxy) at a duly convened meeting summoned by the Management Company upon request by the Growers holding not less than 1/10 in value of the Grower's Plots, of which notice has been given to the Trustee, the Management Company and the Growers for the time being, and a resolution is passed removing the Trustee and appointing the new Trustee;
 - ii) the Trustee goes into liquidation otherwise than for the purpose of amalgamation or reconstruction or ceases to carry on business or a receiver of its undertaking is appointed or a petition is presented for the winding up of the Trustee;
 - iii) the Trustee has ceased to exist;
 - iv) the Trustee is not validly appointed;
 - v) the Trustee is not eligible to be appointed or to act as trustee pursuant to Section 23 of the Interest Schemes Act;
 - vi) the Trustee fails or refuses to act as trustee in accordance with the provisions of the Trust Deed or the Interest Schemes Act; or
 - vii) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949 or the Interest Schemes Act
- then in either case:-
- viii) the Management Company shall forthwith in writing remove the Trustee from its appointment under the Trust Deed and shall in writing appoint the new trustee duly approved in accordance with the Trust Deed;

- c) Upon the occurrence of **Clauses 7.8(a) or 7.8(b)** above, as the case may be:
- i) the new Trustee so appointed shall execute a deed in such form as the Management Company may require whereby the new Trustee shall undertake to the Management Company and the Growers jointly and severally all the obligations of the retiring Trustee;
 - ii) the Trustee shall from the date of such removal be released from all further obligations under the Trust Deed and the trusts and provisions thereof and indemnified against any claims under the Trust Deed (but without prejudice to liability for any antecedent breach by the Trustee) Provided That any release so provided for and given in accordance with the provisions of the Trust Deed shall not extend to any claims that are caused by or result or arise from or are in respect of any fraud or dishonesty on the part of the Trustee or any existing or antecedent neglect, breach of trust or breach of duty imposed by statute or rule of law by or default of such retiring Trustee;
 - iii) the new Trustee shall and may thereafter exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the retiring Trustee as fully as though such new Trustee had been originally named as a party thereto;
 - iv) the Management Company shall be entitled to settle with the Trustee the amount of any sums payable by the Trustee to the Management Company or by the Management Company to the Trustee under the provisions of the Trust Deed and to give and accept from the Trustee discharge in respect thereof and any such settlement or discharge shall (except in the case of fraud or any antecedent neglect or default or breach of trust on the part of the Trustee or any antecedent breach of its duties imposed by statute or rule of law) be conclusive and binding upon all parties thereto provided always that no settlement or discharge under the provisions of this clause shall be binding on the Growers or affect any liability of the Trustee or the Management Company to the Growers which may have accrued before the Trustee's removal;
 - v) the Trustee shall also refund a pro-rated portion of their fees for the unexpired term to the Management Company; and
 - vi) the Grower's Fee Trust Account and the Reserve Fund Trust Account shall vest or be vested by the Trustee so retiring, removed or replaced (as the case may be) in such new trustee and the outgoing Trustee shall deliver to the new Trustee all books, documents, records and other property whatsoever relating to the same to the new Trustee. The costs and expenses incidental thereto shall be paid out of the Scheme's funds.
- d) On every change in the trusteeship a supplemental trust deed shall be made between the Management Company, the retiring Trustee and the new Trustee and any person dealing with the new Trustee shall be entitled to rely upon such

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supplemental trust deed as sufficient evidence that the new Trustee named in the supplemental trust deed is the duly constituted Trustee for the time being of the Trust Deed as fully as though such new Trustee had been originally named as a party thereto.

- e) The outgoing Trustee (so retiring, removed or replaced, as the case may be) shall not delay its approval of the requisite supplemental trust deed appointing the new Trustee and shall execute the requisite supplemental trust deed once the application by the Management Company for the appointment of the new Trustee has been approved by the Minister and the Registrar of Companies.

8. RISK FACTORS

Before subscribing for any Grower's Plot, an investor should pay particular attention to the fact that the Scheme, and to a large extent the Scheme's activities, are subject to legal, regulatory and business environment in Malaysia. The Scheme's plantation business is subject to a number of factors, many of which are outside the Management Company's control. Prior to making the decision to subscribe for any Grower's Plot, an investor should carefully consider along with the other matters in this Prospectus, the risk considerations set out below. The risks set out below are not an exhaustive list of the challenges that the Management Company currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Management Company or the Scheme.

8.1 Risk inherent in the plantation industry

As the Plantation's principal activity is the cultivation of oil palm and marketing of oil palm fresh fruit bunches, the Scheme is susceptible to certain business risks inherent in the oil palm industry as well as general business risks. These include but are not limited to:-

- (a) constraints and rising costs of labour supply and raw materials for the Plantation operations;
- (b) changes in world demand for edible oils and fats;
- (c) effects of poor weather;
- (d) commodity price fluctuations;
- (e) threat of substitute products; and
- (f) change in the regulatory, economy and business conditions.

The Management Company seeks to limit these risks through effective risk management practices. However, there is no assurance that adverse changes in the business environment will not have an impact on the Scheme.

8.2 Life cycle of the industry

Oil palm trees produce fruits crops throughout the year but there are seasonal variations. Production also varies with the age condition of the palms, soil and weather. Annual fresh fruit bunch yields typically experience a cyclical pattern with higher yields at intervals of five (5) years. An exceptionally high yielding year will be followed by gradually low yielding years when the trees produce lower output as a result of biological reaction after a period of production stress.

8.3 Plantation yield an important factor in profitability

The yield for oil palm plantations is generally dependent on the terrain, weather and soil as well as the overall management of the plantation. However, consistent production of high yields in relation to the industry average cannot be guaranteed.

8.4 Fluctuations in the demand and prices of edible oils and fats outside control of Management Company

Oil palm growers face competition from other edible oils namely, soya bean and rapeseed. Hence, the price of fresh fruit bunches and crude palm oil fluctuates in accordance to the supply of world edible oils and consumer's demand. The Management Company cannot guarantee that adverse movement in the demand and supply and prices of crude palm oil and palm kernels will not have an adverse effect in the performance of the Plantation.

8.5 Competition from substitute products and other competitors

As previously mentioned, other edible oil namely soya bean, rapeseed and sunflower oil are direct substitutes of palm oil. Nevertheless, palm oil had experienced almost four (4) times growth over the last twenty two (22) years from 1983 to 2004, which was twice the growth rate of other seed oil due to its low production cost and high yield per hectare. Malaysia, being the largest palm oil producer, faces increasing competition from other palm oil producing countries, namely Indonesia, which has a lower industry cost structure in terms of labour and raw materials.

With the continued support from the Malaysian government including extensive research, development, marketing and promotion undertaken by government bodies as well as other incentives given to the industry, Malaysian palm oil producers had in the past, expanded their market share in the world vegetable oil market. There is however, no guarantee that this trend will continue in the future.

8.6 Labour force

The plantation industry is labour intensive. Oil palm plantations require extensive manpower in the nurturing of seedlings, tree planting, manuring, harvesting as well as other routine maintenance work to ensure optimal yield. Oil palm industry has been facing difficulty in recruiting local labour force and therefore has resorted to the employment of foreign plantation workers.

In order to attract and retain our worker and employees, the Management Company will look into providing attractive incentive, benefits, welfare schemes and facilities for staff members and their families. The Management Company's management team and staff are regularly sent for seminars and training to upgrade their knowledge and skills.

In order to improve production efficiency and reduce over-dependence on foreign workers, our Group is constantly studying moves towards mechanisation in many of our plantation practices such as the application of fertilizer and evacuation of fresh fruit bunches. It is envisaged that with mechanisation, the Management Company will be able to optimize the labour force. Nevertheless, no guarantee can be given that any changes in immigration and labour policies by the Government in respect of foreign workers will not affect the operations of the Plantation.

8.7 Pests and diseases

The oil palm industry is not free from pests and diseases as occasional outbreaks of leaf eating insects such as bagworms and nettle caterpillars are common. During the younger stages of its life, oil palms are susceptible to attacks by pests such as rats, porcupines, wild boar and monkeys as well as rhinoceros beetles.

The Management Company intends to take adequate measures to control the population of pest in the plantation, by adopting good agricultural practices and practicing integrated pest management wherever possible. Planting of beneficial plants like *Cassia Cobanensis*, *Turnera Subalata species* and *Antigonon* in the open areas to act as host for predators will enhance and sustain the parasitoid population for natural control of leaf eating pests. The use of pathogenic microbial agent, *Metarhizium anisopliae* for the control of *Oryctes rhinoceros* shall be advocated.

Early detection of any pest and disease outbreak will be the key factor in timely and systematic approach in controlling the outbreak. The Management Company shall form a dedicated pest and disease census team for this purpose. The Management Company shall also take all necessary steps to keep abreast with the latest development in natural and biological control of pest and disease and shall adopt these methods in the plantation

Despite these measures, no guarantee can be given that large-scale attacks by pest and/or diseases will not occur in the future and thus adversely affecting the performance of the Plantation.

8.8 Weather condition

Weather has strong effects on fresh fruits bunches production. Effects of severe drought periods will usually result in low crops production after nine (9) months while very wet weather may adversely affect harvesting and evacuation of fresh fruit bunches at the plantations. Weather in Malaysia for the last decade has been affected by open burning within and outside of the country, deforestation due to urban development and agricultural cultivation and weather phenomenon such as *El Nino and La Nina*.

As the Management Company is unable to predict the weather pattern, the Management Company needs to be meticulous and far-sighted in planning. The wet weather may adversely affect the harvesting and evacuation of fresh fruit bunches as plantations become inaccessible due to poor road conditions while dry weather may result in low yield.

Although there is no way to regulate rainfall pattern, the Management Company will take practical steps to mitigate the effects of excessive rainfall or drought. For example, mulching is done and laid out in the field to act as a sponge that would trap water and keep grounds moist to minimize the effects of drought. Notwithstanding that the Management Company is continuously studying and devising ways to ensure consistent and abundant yield of fresh fruit bunches, there is no guarantee that adverse weather pattern will not have a severe impact on the production of fresh fruit bunches.

8.9 Fire, energy crisis and other emergencies and risks

The breakout of fire, energy crisis and other emergency risks could adversely affect the operations and financial performance of the Plantation. To mitigate the risk of fire, the Management Company places emphasis on proper fire safety procedures being implemented and practiced at the Plantation as well as ensuring that physical assets will have adequate insurance coverage. However, insurance coverage may not be sufficient to cover possible losses of profits due to the Plantation's operations.

8.10 Key personnel

The continued success of the Plantation will depend to a significant extent upon the abilities and continued efforts of the Directors and senior management. The loss of any key member in the management team could affect the Plantation's ability to compete effectively in the oil palm industry. The Plantation's future success will also depend upon the Management Company's ability to attract and retain skilled personnel and as such, the Management Company will make efforts to train staff so as to groom the younger members of the senior management to gradually resume the responsibilities of their predecessors. This is done to ensure a smooth transition in the management team should changes occur and to maintain the Plantation's continued ability to compete in the oil palm industry.

8.11 Seedlings and suppliers

The selection of oil palm seedling are crucial in our planting phase as poor quality seedling will affect the future yield, growth rate, survival rate and sustainability of the trees. The Management Company sources seedling from licensed oil palm nurseries which have procured Oil Palm Nursery Certificate of Competencies from the Malaysian Palm Oil Board.

In order to avoid over-reliance on one supplier and ensure consistent and ready supplies of seedling to the plantations, the Management Company procures seedling from several different companies which include IOI Corporation Berhad, Applied Agricultural Resources Sdn Bhd, Kumpulan Guthrie Berhad, Sime Darby Berhad, FELDA (Federal Land Development Authority) and United Plantations Berhad.

Fertiliser cost is a significant component of the plantation industry. It is estimated that annual fertiliser cost will amount to approximately one-third of the Plantation's revenue expenditure.

8.12 Insurance coverage

The buildings, plant and machineries at the Plantation have been insured against risk such as fire, burglary and other perils.

Although the necessary measures will be taken to ensure that assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of all assets at the Plantation, including but not limited to the Plantation or any consequential costs arising there from.

8.13 Significant interruptions to operations

Any significant interruptions to the Plantation's operation as a result of breakdown in machinery, union strikes or natural disaster could materially and adversely affect the Plantation's business, financial condition and results of operation.

8.14 Economic, political and government regulations

Political developments and uncertain economic conditions, if any, in Malaysia and other countries where palm oil products are currently being exported to, could affect the financial prospects of the Plantation. Examples of these political and economic uncertainties include but are not limited to changes in labour laws and availability of foreign labour, interest rates, foreign exchange rates, methods of taxation, tariffs and duties. The occurrence of any unforeseen events, such as the outbreak of war, diseases and natural disaster may disrupt the demand and supply of fresh fruit bunches and crude palm oil thus affecting their prices.

8.15 Environmental laws and risks

The Management Company will ensure that the Plantation conforms to the environmental regulatory requirement and carries out consistent monitoring of its environmental practices to ensure that it conforms and exceeds industry standards. Although no absolute guarantee is given, the Management Company is confident based on current environmental practices that the Plantation will conform to the requirements of the applicable laws.

9. MEETING OF THE GROWERS

9.1 Types of Meeting

The Management Company and/or the Trustee may convene a Growers' meeting for the following purposes:-

- a) to remove the Trustee under **Clause 7.8**; or
- b) to voluntarily close the Scheme in accordance with **Clauses 3.6(b)(xii), 3.10(b) and 3.10(c)**;
- c) to amend and/or modify the Trust Deed (where the Registrar of Companies or the Trustee deem it necessary); or
- d) any other purposes as the Trustee or the Management Company may think fit; or
- e) as requested by the Growers.

(reference to the "**Meeting**" shall refer to an annual general meeting ("AGM") or extraordinary general meeting ("EGM"), as the case may be, or both the AGM and EGM where the AGM and EGM are held together.

The AGM shall be held each year at the Management Company's place of business or such place as determined by the Management Company. The cost for the Meeting(s) shall be paid out of the dividend and/or interest made by the Scheme's trust accounts, to the Management Company for the purpose of holding the Meeting(s).

9.2 Request for the Meetings

- (a) The Management Company will within twenty one (21) days after an application for a Meeting is delivered to the Management Company at its registered office, being an application in writing by not less than fifty (50) or one tenth (1/10) in number, whichever is the lesser of the Growers, summon a meeting of the Growers for the purpose of laying before the Meeting the accounts and balance sheet which were laid before the last preceding annual general meeting of the Management Company or the last audited statement of accounts of the Trustee and for the purpose of giving to the Trustee such direction as the Meeting thinks proper, by sending notice by post of the proposed Meeting at least seven (7) days before the proposed Meeting to each of the Growers at his last known address or in the case of joint holders (if any) to the joint holder whose name stands first in the Register of Growers and by publishing at least fourteen (14) days before the proposed meeting an advertisement giving notice of the meeting in a newspaper circulating generally throughout Malaysia.
- (b) Any Meeting summoned by the Management Company and/or Grower and/or Trustee more specifically but not limited to the purpose pursuant to this **Clause 9** shall be held in accordance with the prescribed proceedings as stated under this **Clause 9** herein at the time and place specified in the notice and advertisement, being a time not later than two (2) months after the giving of the said notice.
- (c) No business other than that specified in the notice of the Meeting and documents sent with such notices shall be considered at the Meeting.
- (d) Any request for the Meeting by the Growers must be delivered in writing to the Management Company.
- (e) The Trustee shall comply with the direction given at such Meeting summoned pursuant to **Clause 9.2(a)** herein unless inconsistent with the Trust Deed or the Interest Schemes Act PROVIDED ALWAYS THAT the Trustee shall not be liable for anything done or omitted to be done by it by reason of its compliance with the direction as aforesaid.
- (f) Pursuant to **Clause 9.2(e)** herein, where the Trustee is of the opinion that any direction so given is inconsistent with the Trust Deed or the Interest Schemes Act or is otherwise objectionable, the Trustee may, with the approval of the Management Company, apply to the Court for an order confirming, setting aside or varying the direction as aforesaid and the Court may make such order as it thinks fit. The cost of such application shall be paid out of the Scheme's funds.

9.3 Attendees

- (a) The Management Company shall be entitled to receive notice of and to attend the Meetings. The Trustee and its solicitors and any director, secretary and solicitor of the Management Company and any other person authorized in that behalf by the Management Company may also attend and speak at such Meeting.
- (b) All voting rights conferred on the Management Company by the Reserved Grower's Plots shall be exercised in such manner as the Management Company may wish or may refrain at its discretion and no parties shall have any right to interfere with the exercise of such rights by the Management Company.

9.4 Chairman of the Meetings

The Meetings shall be held under the chairmanship of such person as is appointed in that behalf by the Growers present at the Meetings or where no such appointment is made, a nominee of the Trustee or a representative approved by the Registrar of Companies and it shall be conducted in accordance with the Trust Deed or if the Trust Deed makes no provision, as directed by the chairman of the Meeting. If the nominee of the Management Company or the Trustee is appointed as chairman by the Growers, then such chairman shall not have the right to a casting vote.

9.5 Quorum and Adjournment of the Meetings

- (a) No business shall be transacted at any Meeting unless a quorum of the Growers is present in person or by proxy at the commencement of business. Save as otherwise provided, twenty (20) Growers or the number of Growers holding at least one-tenth (1/10) in value of the Grower's Plots sold, whichever is the lesser, registered in the Register of Growers on the date of the meeting, present in person or by proxy shall be a quorum.
- (b) The Management Company shall be entitled to be counted in the quorum at any meeting with regard to any Grower's Plots held by the Management Company.
- (c) If within an hour from the time appointed for the Meeting, a quorum is not present, the Meeting if convened upon the requisition of Growers shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than fifteen (15) days thereafter and to such place as may be determined by the Management Company or the Trustee and at such adjourned Meeting, the Growers present in person or by proxy shall be a quorum for the transaction of business including the passing of any Extraordinary Resolution. At least seven (7) days' notice of any adjourned Meeting of Growers shall be given in the same manner as for an original Meeting and such notice shall state that the Growers present in person or by proxy at the adjourned Meeting whatever their number and/or the number of Grower's Plots held by them, shall form a quorum.
- (d) The chairman may with the consent of the Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time for a period not exceeding one (1) calendar year and from place to place but no

business shall be transacted at the adjourned Meeting other than business which might lawfully have been transacted at the Meeting from which the adjournment took place. In any event, the term of the chairman shall expire after a period of one year.

9.6 Voting

- (a) Voting for Meetings shall be by way of a show of hands with a simple majority vote save that:
 - (i) in respect of any alteration, modification, addition or deletion to the Trust Deed which the Trustee does not certify as not prejudicial to the interest of the Growers in accordance with the provisions of the Trust Deed, such alteration, modification, addition or deletion may only be effected with the consent of a resolution passed by a majority of not less than fifty per centum (50%) of the votes of those present (in person or by proxy); or
 - (ii) in respect of such matters required by the provisions of the Interest Schemes Act or the Trust Deed, by a majority of seventy-five per centum (75%) of those present and voting.
- (b) For the purpose of voting, the Register of Growers at close of business fifteen (15) clear working days or lesser before the date of the Meetings shall be conclusive as to the identity of the Growers and the number of Grower's Plots issued by the Management Company.
- (c) Every question arising at any Meeting shall be decided in the first instance by a show of hands unless a poll is demanded or if it is a question which under the Trust Deed requires an Extraordinary Resolution, in which case a poll shall be taken. On a show of hands, every Grower who is present in person or by proxy shall have one vote regardless of the number of Grower's Plots held and/or represented by the Grower.
- (d) A poll may be demanded before or immediately after any question is put to a show of hands.
- (e) A poll may be demanded by the chairman of the Meeting, the Trustee, the Management Company or by the Growers holding (or representing by proxy) between them not less than one tenth (1/10) of the total number of Grower's Plots issued by the Management Company then. Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or less shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (f) If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

- (g) A poll demanded on the election of the chairman or on a question of adjournment of the Meeting shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such time and place as the chairman directs. No notice need to be given of a poll not taken immediately. A demand for a poll may be withdrawn at any time.
- (h) Subject to the aforesaid, the demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.
- (i) Upon a poll, every Grower present in person or by proxy shall have one vote for every Grower's Plot held by him. No vote may be counted while the Grower is in arrears on payments due and payable or if the Grower is in breach of any of the terms and conditions of the Grower's Management Agreement.
- (j) In the event of equality of votes, the chairman shall have a casting vote in addition to its votes (if any) as a Grower both on a show of hands and on a poll.

9.7 Proxy

- (a) Any Grower may appoint a proxy to attend, speak and vote on the Grower's behalf. A proxy must be a Grower. In the case of corporate Growers, the nominee of the corporate Grower may vote either personally or by proxy. Such proxy shall have the same rights as a Grower to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.
- (b) Every instrument of proxy whether for a specific meeting or otherwise shall be in writing under the hand of the appointer or its attorney duly authorised or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney so authorised and as nearly as circumstances admit be in the following form or in such other form as the Trustee may agree with the Management Company:-

I/We being a Grower(s) of hereby appoint ofor failing which, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the meeting of the Growers to be held aton or at any adjournment thereof.

SIGNED by the said on theday of in the presence of:-

.....
(Witness' signature)

.....
Signature of Grower

- (c) The instrument appointing a proxy shall be duly stamped (if required) and deposited at the Business Office of the Management Company not less than forty eight hours before the time of holding the Meeting or adjourned Meeting as the

case may be, at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after six (6) months from its date.

- (d) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or the power of attorney or other authority under which the proxy was signed or the sale of the Grower's Plot(s) in respect of which the proxy was given provided that no intimation in writing of such death, insanity, revocation or sale shall have been received at the place so appointed for the deposit of proxy forms or if no such place is appointed, at the Business Office of the Management Company before the commencement of the Meetings or adjourned Meetings at which the proxy is used.

9.8 Resolutions and Decisions

- (a) All and any resolution shall be passed by a simple majority of votes (unless otherwise specified in the Trust Deed) of the Growers present in person or by proxy at a Meeting and upon being passed, such resolution(s) shall be binding upon all Growers whether present or not present at the Meeting and each of the Growers and the Trustee and the Management Company shall, subject to the provisions relating to indemnity in the Trust Deed contained, be bound to give effect thereto accordingly.
- (b) The Trustee will accept and where appropriate implement all decisions relating to the Trust Deed made by the Growers at the Meetings.
- (c) The Trustee shall be entitled to reply on and accept as valid:-
 - (i) the decision or resolution adopted at the Meetings which shall be certified by the secretary and chairman of the Meetings at which such decision or resolution was adopted; and
 - (ii) without prejudice to the generality of the above the Trustee shall not be concerned to inquire or satisfy itself in any way as to the calling of the Meetings or the procedure adopted at the Meetings.

10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

10.1 Appointment, Retirement and Replacement of Auditor

The provisions of the Trust Deed governing the appointment, retirement, removal and replacement of auditor are set out below:

An Auditor who shall be an approved company auditor within the meaning prescribed under the Companies Act, shall be appointed by the Trustee in relation to the funds in the Grower's Fee Trust Account and the Reserve Fund Trust Account. The Auditor appointed must be independent of the Management Company and the Trustee whereby

such independence is to be determined by the relevant by-laws issued from time to time by the Malaysian Institute of Accountants.

The Auditor shall hold office until such time as he may voluntarily retire by giving three (3) months' written notice to the Trustee. Upon the retirement of the Auditor, the Trustee shall, with the consent of the Management Company, appoint another Auditor in its place.

The Trustee may, after consultation with the Management Company, from time to time if deemed appropriate remove the Auditor and appoint another auditor in its place.

Any costs and expenses incurred in connection with the retirement and/or removal of the Auditor shall be paid out of the Scheme's funds.

10.2 Trust Deed

(a) Inspection of Trust Deed

Copies of the Trust Deed (and supplemental deed(s), if any) shall at all reasonable times be open to inspection by any intending Applicant or any Grower at the Business Office of the Management Company during normal business hours and the Management Company shall at the request of such Applicant or Grower and upon payment by him to the Management Company of a sum to be determined by the Management Company but not exceeding Ringgit Malaysia One Hundred (RM100.00) supply such Applicant or Grower with a copy of the Trust Deed (and supplemental deed(s), if any).

(b) Grower bound by Trust Deed

Each Grower and all persons claiming through him will be entitled to the benefit of, be bound by, and be deemed to have notice of the provisions of the Trust Deed as if he had been a party to the Trust Deed.

10.3 No Property Vested in the Trustee

No property to which the interest herein relates is or will become vested in the Trustee.

10.4 Other Schemes

The Management Company has not entered into any other undertakings, schemes, enterprise or investment contracts involving the issue of interests to the public within the five (5) years preceding the date of this Prospectus.

10.5 Documents For Inspection

Copies of the following documents may be inspected at the Business Office during normal business hours, for a period of six (6) months for the date of this Prospectus:-

- a) Memorandum and Articles of Association of the Management Company

Company No. 200901041184 (884334-W)

- b) the Trust Deed
- c) the Grower's Management Agreement
- d) the Register of Members
- e) the Accountants' Report
- f) the Independent Consultant's Report
- g) the letters of consent referred to in **Clause 10.6**

10.6. Consents

The written consents of the Solicitors and Trustee to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names and Accountants' Report in the form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and had not subsequently been withdrawn.

The written consent of the Independent Consultant to the inclusion in this Prospectus of their names and Independent Consultant's Report in the form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and had not subsequently been withdrawn.

10.7 Governing Law

The Trust Deed is governed by and construed in all respects in accordance with the laws of Malaysia and the parties thereto agree to submit to the non-exclusive jurisdiction of the Courts of Law of Malaysia.

10.8 Disclaimer Statements

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Scheme and, if given or made, such information or representation must not be relied upon as having been authorised by the Management Company. Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall, in any circumstance and at any time, constitute a representation or create any implication that there has been no change in the Scheme's affairs since the date hereof.



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**11. ACCOUNTANTS' REPORT
(prepared for inclusion in this Prospectus)**

25 October 2023

The Board of Directors
Golden Agro Plantation (Mukah) Berhad
Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City, 59200 Kuala Lumpur,
W.P. Kuala Lumpur

Dear Sirs

**GOLDEN AGRO PLANTATION (MUKAH) BERHAD ("the Company" or "GAPM")
ACCOUNTANTS' REPORT ("Report")**

1. INTRODUCTION

This Report has been prepared by Crowe Malaysia PLT, an approved company auditor, for inclusion in the Prospectus of Golden Agro Plantation (Mukah) Berhad under Section 28 of the Interest Scheme Act 2016 to be dated 1 November 2023 in connection with the offer for the subscription of 29,240 Grower's Plots cumulatively under the Golden Agro Growers Scheme ("the Scheme") by the Company.

2. SCOPE OF WORK

The Report covers areas specifically set out in the following sections. The scope of our work conducted in the preparation of this Report does not constitute an audit and the information contained in this Report has not been independently verified by us.

This Report sets out the information provided to us by the management of GAPM and the financial information extracted from the audited financial statements of GAPM for the five financial years ended 31 December 2018 to 2022.



2. SCOPE OF WORK (CONT'D)

We have obtained written confirmation from the management of GAPM for the factual accuracy, attribution of opinion and the material completeness of representations given, both written and oral.

3. GENERAL INFORMATION

3.1 Incorporation

Golden Agro Plantation (Mukah) Berhad was incorporated in Malaysia on 30 December 2009 as a private limited company under the name of Sun White Resources Sdn Bhd. On 9 November 2011, the Company changed its name to Golden Agro Plantation (Mukah) Sdn Bhd. The Company was subsequently converted to a public limited company and assumed its current name, Golden Agro Plantation (Mukah) Berhad, on 23 November 2011.

The Company is not listed on any stock exchange. The immediate holding company is Golden Agro Plantation Sdn Bhd, which is incorporated in Malaysia. The ultimate holding company is Swiss Bayview Sdn Bhd, a company incorporated in Malaysia.

3.2 Principal Activities

The Company is principally engaged in the business of developing oil palm plantations, carrying on oil palm plantation activities and operating and managing oil palm plantations and the Scheme. There have been no significant changes in the nature of these activities during the financial year.



4. SHARE CAPITAL

The issued and paid-up share capital of Golden Agro Plantation (Mukah) Berhad as at 31 December 2022 was RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each.

The movements in issued and paid-up share capital from the date of incorporation up to 31 December 2022 are as follows:-

Date of allotment	No. of shares allotted	Value per share RM	Consideration	Cumulative issued and paid-up share capital RM
30-12-2009	2	1.00	Cash	2
23-11-2011	999,998	1.00	Cash	1,000,000
19-12-2011	4,000,000	1.00	Cash	5,000,000

5. DIVIDEND/NET PROFIT

The net profit for year 2022 is RM440.13 per one (1) Grower's plot.



6. RELEVANT FINANCIAL YEARS AND AUDITORS

The auditors of the Company for the financial years under review were as follows:-

Financial years	Auditors
1 January 2018 to 31 December 2018	Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath)
1 January 2019 to 31 December 2019	Crowe Malaysia PLT
1 January 2020 to 31 December 2020	Crowe Malaysia PLT
1 January 2021 to 31 December 2021	Crowe Malaysia PLT
1 January 2022 to 31 December 2022	Crowe Malaysia PLT

The audited financial statements for the relevant financial years were not subject to any audit qualification and did not contain any adverse comment made under Section 266(3) of the Companies Act 2016 in Malaysia.

7. GOLDEN AGRO GROWERS SCHEME (“THE SCHEME”)

The Company owns a plantation land measuring approximately 5,096 hectares (equivalent to 12,587 acres) held under Lot No. 3, Block/Section No. 2, Baoh Land District, Mukah Division, State of Sarawak for a period of 60 years commencing 27 April 2006.

4,228 hectares (equivalent to 10,443 acres) of the above-mentioned land has been designated for the exclusive use under the Scheme (“the Plantation”).

The Scheme will involve the offer to the public of an interest under the Scheme that entitles the holder to the Net Profit (“Grower’s Plot”) in respect of, and connected to the Plantation. Each Grower’s Plot represents an interest relating to a 0.25 acre plot of the Plantation.

On 12 November 2012 (“the Launch Date”), each Grower’s Plot had a subscription price of RM8,000. All subsequent Grower’s Plots will be at such price as decided by the Company from time to time based on market forces. The Company may from time to time offer a discount to the grower’s fee on such terms and conditions as it deems fit.



7. GOLDEN AGRO GROWERS SCHEME (“THE SCHEME”) (CONT’D)

Since the Launch Date, the Company has created 41,772 Grower’s Plots under the Scheme relating to the Plantation, of which 29,240 (70%) Grower’s Plots have been offered for public subscription and the remaining 12,532 (30%) Grower’s Plots are designated as Reserved Grower’s Plots. These reserved Grower’s Plots may only be released for public subscription upon the approval of the Companies Commission of Malaysia.

The Company is obligated to pay Net Profit for each Grower’s Plot over the duration of the Scheme. In addition, the Company has certain obligations to meet repurchase requests as stated in the Grower’s Management Agreement (“GMA”). At the closure or expiry of the Scheme, the Company is required to refund the growers their proportionate share of net proceeds of sale of the Plantation in accordance with the GMA.

Each Grower’s Plot shall entitle the grower with the right to enjoy the Net Profit which is derived from the computation set out in Paragraph 3.4 of the Prospectus.

As at 25 September 2023, a total of 617 Grower’s Plots have been subscribed.

8. EXPIRY OF THE SCHEME

The tenure of the Scheme is 20 years, commencing from the Launch Date and expiring in the 20th year from the Launch Date (“Maturity Date”).

Subject to Paragraph 3.10 of the Prospectus, upon the Maturity Date, all the Grower’s Plots shall be caused to return to the Company. The Growers shall thereafter no longer be entitled to any Net Profit from their respective Grower’s Plots and the Company shall refund to each Grower an amount based on the following procedures:-

- (a) appoint an independent valuer to conduct a valuation of the Plantation at least 18 months prior to the Maturity Date;
- (b) calculate the amount of refund based on the net proceeds of sale of the Plantation attributable to a quarter acre of the Plantation; and
- (c) remit the amount calculated based on the computation set out in paragraph (b) above to the Growers within 30 days from the date of receipt by the Company of the total proceeds from such sale, disposal, assignment or transfer of the Plantation. Net proceeds are total proceeds less costs and expenses incurred in relation to the sale (including, but not limited to, valuation, legal and audit costs), taxes, duties, lawful set-offs, deductions, costs, expenses, charges and outgoings.



9. OBLIGATION TO REPURCHASE

The Minister has granted an exemption period of 6 years (“Exemption Period”) to the Company from the requirement of Section 47 of the Interest Scheme Act 2016, which exempts the Company from having to repurchase the Grower’s Plots from the Grower during the Exemption Period. The Exemption Period shall commence from the Launch Date.

After the expiry of the Exemption Period, the Company is under the obligation to repurchase Grower’s Plots at the request from any Grower as disclosed in Paragraph 3.6(b) of the Prospectus.

10. OTHER SCHEMES

The Company has not entered into any other undertaking, schemes or investment contracts involving the issue of interest to the public from the date of incorporation to the date of this Report, other than as disclosed in this Report.

11. THE TRUSTEE

My Premier Trustee (Malaysia) Berhad has been appointed as the Trustee to the Growers in respect of the Scheme to ensure the latter’s compliance with such guidelines and requirements of the relevant authorities which may be issued from time to time and within the provisions of the Trust Deed dated 1 November 2012.



12. SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The financial results for the years under review are set out below:-

	Note	Financial Year Ended 31 December				
		2022 RM'000 (Audited)	2021 RM'000 (Audited)	2020 RM'000 (Audited)	2019 RM'000 (Audited)	2018 RM'000 (Audited)
Revenue	12.1	37,640	34,679	14,441	8,230	5,718
Cost of sales		(20,464)	(16,370)	(13,681)	(11,897)	(10,191)
Gross Profit/(Loss)		17,176	18,309	760	(3,667)	(4,473)
Other income		1,687	990	1,035	1,017	3,288
Administrative expenses		(1,400)	(1,257)	(1,286)	(3,605)	(445)
Finance costs		(1,269)	(1,249)	(1,650)	(1,800)	(810)
Profit/(Loss) before taxation		16,194	16,793	(1,141)	(8,055)	(2,440)
Income tax expense	12.2	(2,469)	(6)	-	-	-
Profit/(Loss) after taxation		13,725	16,787	(1,141)	(8,055)	(2,440)
Other comprehensive income						
- transfer to profit or loss upon reinvestment		-	-	-	-	-
Total comprehensive income for the year		13,725	16,787	(1,141)	(8,055)	(2,440)
Profit/(Loss) per ordinary share (sen)	12.3	274.50	335.74	(22.82)	(161.10)	(48.80)



12. SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

Note:-

- 12.1 Revenue was generated from the sale of fresh fruit bunches.
- 12.2 The Company was not subject to tax for the years under review as there was no taxable income.
- 12.3 Profit/(Loss) per Ordinary Share

	Financial Year Ended 31 December				
	2022	2021	2020	2019	2018
Profit/(Loss) after taxation (RM'000)	13,725	16,787	(1,141)	(8,055)	(2,440)
Weighted average number of ordinary shares ('000)					
Issued ordinary shares at 1 January	5,000	5,000	5,000	5,000	5,000
Effect of new ordinary shares issued	-	-	-	-	-
Weighted average number of ordinary shares at 31 December	5,000	5,000	5,000	5,000	5,000
Basic profit/(loss) per ordinary share (sen)	274.50	335.74	(22.82)	(161.10)	(48.80)

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.



13. SUMMARISED STATEMENTS OF FINANCIAL POSITION

The financial position of the Company as at the financial year-ends under review are set out below:-

	< ----- As at 31 December ----- >				
	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	65,800	68,532	68,904	70,241	70,495
Intangible assets	21	39	13	21	-
	65,821	68,571	68,917	70,262	70,495
CURRENT ASSETS					
Inventories	2,859	2,094	1,963	2,179	1,761
Biological assets	598	1,087	817	191	125
Other receivables, deposits and prepayments	1,112	639	1,763	1,516	2,044
Amount owing by related company	6,522	9,094	5,912	-	-
Amount owing by holding company	25	4	2	-	-
Short-term investments	936	616	900	1,369	1,894
Deposit with licensed banks	-	2,000	800	-	-
Cash and bank balances	398	502	126	773	175
	12,450	16,036	12,283	6,028	5,999
	78,271	84,607	81,200	76,290	76,494
EQUITY AND LIABILITIES					
EQUITY					
Share capital	5,000	5,000	5,000	5,000	5,000
Accumulated losses	(3,836)	(11,561)	(28,348)	(27,207)	(19,152)
	1,164	(6,561)	(23,348)	(22,207)	(14,152)



13. SUMMARISED STATEMENTS OF FINANCIAL POSITION (CONT'D)

The financial position of the Company as at the financial year-ends under review are set out below (cont'd):-

	< ----- As at 31 December ----- >				
	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
NON-CURRENT LIABILITIES					
Growers' fees	5,632	5,634	7,839	7,848	7,974
Deferred tax liabilities	2,464	-	-	-	-
Hire purchase payables	-	182	395	611	395
	8,096	5,816	8,234	8,459	8,369
	< ----- As at 31 December ----- >				
	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
CURRENT LIABILITIES					
Trade payables	7,342	4,798	7,337	7,535	8,001
Other payables, deposits and accruals	733	607	782	549	389
Amount owing to director	-	7,787	7,787	13,253	11,008
Amount owing to immediate holding company	8,774	8,779	8,784	8,786	8,786
Amount owing to related companies	51,980	63,166	71,408	59,668	53,906
Hire purchase payables	182	213	216	247	187
Current tax liabilities	-	2	-	-	-
	69,011	85,352	96,314	90,038	82,277
TOTAL LIABILITIES	77,107	91,168	104,548	98,497	90,646
TOTAL EQUITY AND LIABILITIES	78,271	84,607	81,200	76,290	76,494
NET ASSET/(LIABILITIES) PER SHARE (RM)	0.23	(1.31)	(4.67)	(4.44)	(2.83)



14. STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2022

The following is the statement of assets and liabilities of Golden Agro Plantation (Mukah) Berhad based on the audited financial statements as at 31 December 2022 and should be read in conjunction with the notes thereto:-

	Note	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	16.6	65,800
Intangible assets	16.7	21
		<u>65,821</u>
CURRENT ASSETS		
Inventories	16.8	2,859
Biological assets	16.9	598
Other receivables, deposits and prepayments	16.10	1,112
Amount owing by related company		6,522
Amount owing by ultimate holding company		25
Short-term investments	16.11	936
Cash and bank balances	16.12	398
		<u>12,450</u>
TOTAL ASSETS		<u><u>78,271</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	16.13	5,000
Accumulated losses		(3,836)
TOTAL EQUITY		<u>1,164</u>
NON-CURRENT LIABILITIES		
Growers' fees	16.14	5,632
Deferred tax liabilities		2,464
Hire purchase payables	16.15	-
		<u>8,096</u>



15. STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2022

The following is the statement of assets and liabilities of Golden Agro Plantation (Mukah) Berhad based on the audited financial statements as at 31 December 2022 and should be read in conjunction with the notes thereto (cont'd):-

	Note	RM'000
CURRENT LIABILITIES		
Trade payables	16.17	7,342
Other payables, deposits and accruals	16.18	733
Amount owing to immediate holding company	16.19	8,774
Amount owing to related companies	16.20	51,980
Hire purchase payables	16.15	182
		69,011
TOTAL LIABILITIES		77,107
TOTAL EQUITY AND LIABILITIES		78,271



15. STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The following is the statement of cash flows of Golden Agro Plantation (Mukah) Berhad based on the audited financial statements for the financial year ended 31 December 2022 and should be read in conjunction with the notes thereto:-

	Note	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		16,194
Adjustments for:-		
Amortisation of intangible assets		18
Changes in fair value of biological assets		489
Depreciation of property, plant and equipment		3,878
Fair value changes in financial liabilities		526
Fair value gain on short-term investments		(12)
Gain on disposal of property, plant and equipment		(604)
Interest expense		1,269
Interest income		(17)
Inventory written off		110
Operating profit before working capital changes		21,851
Decrease in inventories		(875)
Increase in receivables		(473)
Increase in payables		2,670
Decrease in amount owing to related companies		(5,034)
CASH FROM OPERATIONS		18,139
Interest paid		(1,255)
Income tax paid		(8)
Interest received		17
NET CASH FROM OPERATING ACTIVITIES		16,893
CASH FLOWS FOR INVESTING ACTIVITIES		
Increase in short-term investments		12
Purchase of property, plant and equipment	16.21(a)	(1,156)
Proceeds from disposal of property, plant and equipment		623
NET CASH FOR INVESTING ACTIVITIES		(521)
BALANCE CARRIED FORWARD		16,372



15. STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

The following is the statement of cash flows of Golden Agro Plantation (Mukah) Berhad based on the audited financial statements for the financial year ended 31 December 2022 and should be read in conjunction with the notes thereto (cont'd):-

	Note	RM'000
BALANCE CARRIED FORWARD		16,372
CASH FLOWS FOR FINANCING ACTIVITIES		
Net changes in short-term investments held by trustees		(19)
Advance to ultimate holding company		(21)
Dividend paid		(6,000)
Net advance from amount owing by a related company		2,571
Net of repayment to immediate holding company		(5)
Net of advance from related companies		(6,152)
Net decrease in amount owing to directors		(7,787)
Payment of lease interest		(21)
Repayment of lease liabilities		(213)
Repurchase of growers' plot		(528)
NET CASH FOR FINANCING ACTIVITIES		<u>(18,175)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,803)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>2,201</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	16.22(b)	<u>398</u>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

16.1 Corporate Information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City, 59200 Kuala Lumpur,
W.P. Kuala Lumpur

Principal place of business : 1st & 2nd Floor, No.2, Jalan Unggas Lorong 2
96000 Sibul, Sarawak

16.2 Principal Activities

The Company is principally engaged in the business of developing oil palm plantations, carrying on oil palm plantation activities and operating and managing oil palm plantations and the Scheme. There have been no significant changes in the nature of these activities during the financial year.

16.3 Holding Companies

The immediate and ultimate holding companies are Golden Agro Plantation Sdn Bhd and Swiss Bayview Sdn Bhd, respectively. Both the aforesaid holding companies are incorporated in Malaysia.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.4 Basis of Preparation

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (a) During the current financial year, the Company has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvement to MFRS Standards 2018 - 2020

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.4 Basis of Preparation (Cont'd)

- (a) The Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon their initial application.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies

(a) Critical accounting estimates and judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(a) Critical accounting estimates and judgements (Cont'd)

(ii) Impairment of Non-trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Company to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables (including amount owing by a related company) as at the reporting date are disclosed in Notes 10 & 11 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(i) Lease Terms

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.6 Significant Accounting Policies (Cont'd)

(a) Critical accounting estimates and judgements (Cont'd)

(ii) Fair value of growers' fees

The Company carries its growers' fees at fair value, with changes in fair values being recognised in profit or loss. In accordance with the terms and conditions of the Growers' Scheme, the Company has net yield payment obligation over 20 years (the duration of the Scheme), based on the net profits upon harvesting.

The fair value of the growers' fees has been determined using the discounted cash flows method of the underlying obligations, based on the significant assumptions as disclosed in Note 17 to the financial statements. When the actual results differ from the original projections, the differences may impact the carrying amount of the growers' fees.

(b) Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instrument in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(c) Financial instruments (cont'd)

(i) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instrument

(aa) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(bb) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(c) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Debt Instrument (cont'd)

(cc) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(c) Financial instruments (cont'd)

(ii) Financial liabilities

(aa) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(bb) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(c) Financial instruments (cont'd)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Bearer plants

Bearer plants comprise mature and immature oil palm plantations, and nurseries that are established by the Company.

The oil palm plantations are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of materials and direct labour, and other costs directly attributable to bringing the immature plantations to a mature state. Costs also include capitalised borrowing costs and other charges incurred in connection with the financing of the development of immature plantations.

Immature plantations are not depreciated. Mature plantations are depreciated on a straight-line method over the estimated useful lives of 25 years.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Other Property, Plant and Equipment

All other items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation of other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	10%
Drainage, roads and bridges	4%
Nursery irrigation systems	10%
Motor vehicles, plant and machinery	20%
Equipment and furniture	10% - 20%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Other Property, Plant and Equipment (cont'd)

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(e) Impairment

(i) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(e) Impairment (cont'd)

(i) Impairment of financial assets (cont'd)

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(e) Impairment (cont'd)

(ii) Impairment of non-financial assets (cont'd)

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(f) Biological assets

Biological assets include agriculture produce growing on bearer plants, which is referred to as fresh fruit bunches ("FFB"), are stated at fair value less costs to sell.

Gain on loss arising on initial recognition of a biological asset at fair value less costs to sell and from a changes in the fair value less costs to sell are recognised in profit or loss for the period in which it arises.

(g) Intangible assets

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as capital improvement and added to the original cost of the software. Cost associated with maintaining the computer software are recognised as an expense as incurred.

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over the estimated useful lives of 3 years.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(h) Leases

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Company recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets are presented in the statements of financial position within property, plant and equipment, and associated lease liabilities are presented within borrowings.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(i) Inventories

Inventories are stated at the lower of cost, which is determined on a weighted average basis, and net realisable value. Cost of sundry stores and consumables comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(l) Income taxes

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(l) Income taxes (cont'd)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(m) Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the biological assets, where appropriate, in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans

The Company's contributions to defined contribution plans are recognised in profit or loss and included in the biological assets, where appropriate, in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(n) Related parties

A party is related to an entity (referred to as the “reporting entity”) if:-

- (i) A person or a close member of that person’s family is related to a reporting entity if that person:-
 - (a) has control or joint control over the reporting entity;
 - (b) has significant influence over the reporting entity; or
 - (c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(n) Related parties (cont'd)

A party is related to an entity (referred to as the “reporting entity”) if (cont'd):-

- (ii) An entity is related to a reporting entity if any of the following conditions applies:-
 - (a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (f) The entity is controlled or jointly controlled by a person identified in (i) above.
 - (g) A person identified in (i)(a) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a / of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

(o) Borrowing costs

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(o) Borrowing costs (cont'd)

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.5 Significant Accounting Policies (Cont'd)

(q) Revenue from contracts with customers and other operating income

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. 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. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of Goods

Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods.

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Rental Income

Rental income is accounted for on a straight-line method over the lease terms.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.6 Property, Plant and Equipment

	At 1.1.2022 RM' 000	Additions RM' 000	Disposal RM' 000	Depreciation Charge RM' 000	At 31.12.2022 RM' 000
2022					
Carrying amount					
<u>Owned assets</u>					
Bearer plants	45,005	141	-	(2,165)	42,981
Buildings	2,285	-	-	(473)	1,812
Drainage, roads and bridge Equipment and furniture	15,531	951	-	(783)	15,699
Motor vehicles, plant and machinery	109	10	-	(48)	71
Nursery irrigation systems	663	50	-	(326)	387
Renovation	729	-	-	-	729
Capital work-in-progress	3	-	-	(3)	-
	9	26	-	-	35
	64,334	1,178	-	(3,798)	61,714
<u>Right-of-use asset</u>					
Leasehold land	4,198	-	(19)	(93)	4,086
	68,532	1,178	(19)	(3,891)	65,800



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.6 Property, Plant and Equipment (Cont'd)

	At Cost RM' 000	Accumulated Depreciation RM' 000	Carrying Amount RM' 000
31.12.2022			
<u>Owned assets</u>			
Bearer plants	54,117	(11,136)	42,981
Buildings	4,689	(2,877)	1,812
Drainage, roads and bridge	19,327	(3,628)	15,699
Equipment and furniture	1,332	(1,261)	71
Motor vehicles, plant and machinery	6,900	(6,513)	387
Nursery irrigation systems	729	-	729
Renovation	130	(130)	-
Capital work-in-progress	35	-	35
	<u>87,259</u>	<u>(25,545)</u>	<u>61,714</u>
<u>Right-of-use asset</u>			
Leasehold land	5,108	(1,022)	4,086
	<u>5,108</u>	<u>(1,022)</u>	<u>4,086</u>
	<u>92,367</u>	<u>(26,567)</u>	<u>65,800</u>

- (a) The leasehold land of the Company at the end of the reporting period is analysed as follows:-

	2022 RM' 000
Unexpired period of less than 50 years	<u>4,086</u>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.6 Property, Plant and Equipment (Cont'd)

- (b) The bearer plants of the Company at the end of the reporting period are classified into mature and immature plantations, as follows:-

	Mature Oil Palm Plantations RM' 000	Immature Oil Palm Plantations RM' 000	Total RM' 000
2022			
Cost:-			
At 1 January 2022	49,300	4,675	53,975
Additions during the financial year	-	142	142
At 31 December 2022	49,300	4,817	54,117
Accumulated depreciation:-			
At 1 January 2022	8,970	-	8,970
Depreciation for the financial year	2,166	-	2,166
At 31 December 2022	11,136	-	11,136
Carrying amount:-			
At 31 December 2022	38,164	4,817	42,981

- (c) The following expenses are included in immature plantations:-

	2022 RM '000
Depreciation of property, plant and equipment	14
Interest expenses:-	
- amount owing to related companies	8
Staff costs:-	
- short-term employees benefits	10
- defined contribution plans	1
	<hr/>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.6 Property, Plant and Equipment (Cont'd)

(d) The Company's leasing activity is summarised as below:-

(i) Leasehold land

The Company has made upfront payment to secure the right-of-use of the 55 years leasehold land, which is used in the Company's oil palm plantation operations. The Company is restricted from assigning and subleasing the leased assets.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.7 Intangible Assets

	At 1.1.2022 RM '000	Depreciation Charge RM '000	At 31.12.2022 RM '000
2022			
<i>Carrying Amount</i>			
Computer software	39	(18)	21
	At Cost RM '000	Accumulated Depreciation RM '000	Carrying Amount RM '000
31.12.2022			
<i>Carrying Amount</i>			
Computer software	140	(101)	39

16.8 Inventories

	RM '000
At cost:-	
Sundry stores and consumables	2,859



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.9 Biological Assets

	RM'000
At fair value:-	
At 1 January	1,087
Changes in fair value	(489)
	<hr/>
At 31 December	598
	<hr/>

The biological assets of the Company comprise unharvested agricultural produce of bearer plants, ie fresh fruit bunches (“FFB”).

The Company adopted the income approach to measure the fair value of the unharvested FFBs. To arrive at the fair value of the unharvested FFBs, the management considered the oil content of the unripe FFBs and assumed that the net cash flows to be generated from FFBs prior to more than 2 weeks to harvest are negligible. Costs to sell, which include harvesting, transportation cost and windfall profit levy, are deducted from the fair value. The key assumptions used in the determination of the fair value less costs to sell of the unharvested FFBs are as follows:-

- (i) estimated volume of unharvested FFBs as of the reporting date, with reference to the actual harvest data subsequent to the reporting date.
- (ii) estimated prices of unharvested FFBs based on the market prices of FFBs as of the reporting date, adjusted for the oil content of the unripe FFBs.
- (iii) estimated selling costs based on past practices and experience.

The fair value measurement of the Company’s unharvested FFBs is categorised within level 3 of the fair value hierarchy.

The directors estimate that a decrease in the price of FFBs and the production volume of FFBs by 10% would result in the carrying amount of biological assets reducing by RM45,000 (2021: RM109,000) respectively, with all other variables held constant.

During the financial year, the Company harvested approximately 42,900 (2021: 43,200) tonnes of FFBs from oil palm plantations.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.10 Other Receivables, Deposits and Prepayments

	RM'000
Other receivables:-	
- third parties	526
- goods and services tax recoverable	-
Deposits	526
Prepayments	41
	545
	1,112



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.11 Amount Owing by/(to) Related Companies

	RM'000
Amount Owing by a Related Company	
Current	
Non-trade balances	6,522
	6,522
Amount Owing to Related Companies	
Current	
Trade balances	2,491
Non-trade balances	49,489
	51,980
	51,980

- (a) The trade balances are subject to the normal trade credit terms ranging from 30 to 75 days.
- (b) The non-trade balance represents unsecured advances which are repayable on demand.
- (c) Included in the amount owing to related companies is an amount of RM49,488,724 which is an unsecured advance granted to the Company by a fellow subsidiary. The advance carries interest at rates of 2.00% per annum and is repayable on demand.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.12 Amount Owing by Ultimate Holding Company

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

16.13 Short-term Investments

	RM'000
At fair value:-	
Money market fund unit trusts in Malaysia	936
	<u>936</u>

Short-term investments are held on trust under the Growers Scheme.

16.14 Cash and Bank Balances

Included in cash and bank balances is an amount of RM501, which is held on trust under the Growers Scheme.

16.15 Share Capital

	Number of Shares ('000)	RM'000
<i>Ordinary shares</i>		
Issued and Fully Paid-up	5,000	5,000
	<u>5,000</u>	<u>5,000</u>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.16 Growers' Fees

	RM'000
At fair value:-	
Growers' fees	5,632
	<hr/>

Growers' fees represent the amount received from growers under the Growers Scheme established pursuant to the Interest Schemes Act 2016 ("the Scheme"), for which the Company is obligated to pay an annual net profit over the duration of the Scheme.

The fair value of growers' fees is determined using the discounted cash flows method, and is derived from the present value of the future cash flows resulting from the obligations under the Scheme, computed based on the projections of financial budgets prepared by the management. The key assumptions used in the determination of the fair value are as follows:-

- (a) Discount rate (pre-tax) – an estimate of pre-tax rate that reflects specific risks relating to oil palm plantation, which is 10% per annum.
- (b) Growth rate – management's estimate of commodity prices, oil palm yields and oil extraction rates.
- (c) Selling prices of fresh fruit bunches – an estimate based on expectations of future changes in the market.
- (d) Development and direct costs – an estimate based on past practices and experience.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.17 Hire purchase liabilities

	RM'000
Minimum hire purchase payments	
- not later than one year	189
- later than one year and not later than two years	-
	<hr/>
	189
Less: Future finance charges	(7)
	<hr/>
	182
	<hr/>
Analysed by:-	
- Current liabilities	182
- Non-current liabilities	-
	<hr/>
	182
	<hr/>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.18 Deferred Tax Liabilities

	RM'000
Property, plant and equipment, and biological assets	13,553
Unused tax losses	(8,933)
Unabsorbed agriculture/capital allowance	(2,156)
	<hr/>
	2,464
	<hr/>

No deferred tax assets are recognised in respect of the following item as it is not probable that taxable profits of the Company will be available against which the carryforward tax losses can be utilised:-

	RM'000
Unused tax losses - expires 31 December 2028	-
	<hr/>

16.19 Trade Payables

The normal trade credit terms granted to the Company range from 30 to 120 days.

16.20 Other Payables, Deposit and Accruals

	RM'000
Other payables:-	
- third parties	207
Deposit	1
Accruals	525
	<hr/>
	733
	<hr/>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.21 Amount Owing to Immediate Holding Company

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

16.22 Cash Flows Information

(a) Purchase of Property, Plant and Equipment

	RM'000
Cost of property, plant and equipment purchased	1,178
Less: Finance costs included within property, plant and equipment	(8)
Less: Non-cash items	(14)
	<hr/>
Cash disbursed for purchase of property, plant and equipment	1,156
	<hr/> <hr/>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Cash Flows Information (Cont'd)

(b) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	RM'000
Deposits with licensed banks	-
Cash and bank balances	399
Short-term investments	936
	<hr/>
	1,334
Less: Cash and bank balances held by trustee	(1)
Less: Short-term investments held by trustee	(936)
	<hr/>
	398
	<hr/>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments

The Company's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Financial risk management policies

The Company's policies in respect of the major areas of treasury activity are as follows:-

(i) Market risk

Foreign currency risk

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's fixed rate payables are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates

Interest Rate Risk Sensitivity Analysis

The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

Equity price risk

The Company does not have any quoted investments and hence is not exposed to equity price risk.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(a) Financial risk management policies (cont'd)

(ii) Credit risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The Company's concentration of credit risk in respect of trade receivables (including related companies) exists due to the Company's limited number of customers. Based on the Company's historical collection of these receivables, management believes that they are fully recoverable.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position after deducting any allowance for impairment losses (where applicable)



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(a) Financial risk management policies (cont'd)

(ii) Credit risk (cont'd)

Assessment of Impairment Losses

At each reporting date, the Company assesses whether any financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial recognition.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The identified impairment loss is immaterial and hence, it is not provided for.

Deposits with Licensed Banks, Cash and Bank Balances

The Company considers these banks and financial institutions have low credit risks. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

- (a) Financial risk management policies (cont'd)
- (ii) Credit risk (cont'd)

Amount Owning by A Related Company (Non-trade balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to a related company have low credit risks. The Company assumes that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the related company loans and advances when it is payable, the Company considers the loans and advances to be in default when the related company is not able to pay when demanded. The Company considers a related company's loan or advance to be credit impaired when the related company is unlikely to repay its loan or advance in full or the related company is continuously loss making or the related company is having a deficit in its total equity.

Amount Owning by A Related Company (Non-trade balances)

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

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by a related company are summarised below:-

	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2022				
Low credit risk	6,522	-	-	6,522



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(a) Financial risk management policies (cont'd)

(ii) Credit risk (cont'd)

Amount Owing by Ultimate Holding Company (Non-trade balances)

The Company applies the 3-stage general approach to measuring expected credit losses. No expected credit loss is recognised on these balances as it is negligible.

(iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(a) Financial risk management policies (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates):-

	Weighted Average Effective Rate	Carrying Amount	Contractual Undiscounted Cash Flows	On Demand or Within 1 Year	Within 1 -- 2 Years	Within 2 – 5 Years	
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade and other payables	-	8,075	8,075	8,075	-	-	-
Amount owing to immediate holding company	-	8,774	8,774	8,774	-	-	-
Amount owing to related companies:-							
- interest-bearing	2.00	49,489	49,489	49,489	-	-	-
- non interest-bearing	-	2,491	2,491	2,491	-	-	-
Growers' fees	10.00	5,632	5,632	5,632	-	-	-
Hire purchase payables	7.25	182	188	188	-	-	-
		74,643	74,649	74,649	-	-	-



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(b) Capital risk management

The Company manages its capital to ensure that the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company monitors and maintains a prudent level of total debt to total equity ratio to optimise shareholder(s) value and to ensure compliance with debt covenants and regulatory, if any.

(c) Classification of financial instruments

	RM'000
Financial Assets	
<u>Amortised cost</u>	
Other receivables and deposits	567
Amount owing by a related company	6,522
Amount owing by ultimate holding company	25
Short-term investments	936
Cash and bank balances	398
	8,448
	8,448



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(c) Classification of financial instruments (Cont'd)

	RM'000
Financial Liabilities	
<u>Fair value through profit or loss</u>	
Growers' fees	5,632
	<hr/>
<u>Amortised cost</u>	
Trade payables	7,342
Other payables, deposit and accruals	733
Amount owing to immediate holding company	8,774
Amount owing to related companies	51,980
Hire purchase liabilities	182
	<hr/>
	69,011
	<hr/>



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(d) Fair value information

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of			Fair Value of			Total Fair Value RM'000	Carrying Amount RM'000
	Financial Instruments Carried at Fair Value			Financial Instruments Not Carried at Fair Value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<u>Financial Assets</u>								
Short-term investments	935	-	-	-	-	-	935	936



16. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

16.22 Financial Instruments (Cont'd)

(d) Fair value information (Cont'd)

The fair values above are for disclosure purposes and have been determined using the following basis:-

- (i) The fair value of short-term investments is determined by reference to statements provided by respective financial institutions, with which the investments were entered into.
- (ii) The fair value of growers' fees is determined using discounted cash flow projections based on a pre-tax rate that reflects specific risks relating to oil palm plantation.
- (iii) The fair value of hire purchase obligations that carry fixed interest rates is determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.

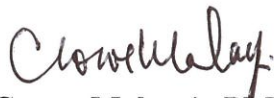
16.23 Audited Financial Statements

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2022.

16.24 Significant Events Occurring After the Reporting Period

There were no material events which have arisen subsequent to 31 December 2022, which requires disclosure in this Report.

Yours faithfully


Crowe Malaysia PLT
201906000005(LLP0018817-LCA) & AF1018
Chartered Accountants


Ling Hang Ngee
Approval No: 03188/07/2025 J
Chartered Accountant

Sibu, Sarawak

**12. INDEPENDENT CONSULTANT'S REPORT
(Prepared for the inclusion in this prospectus)**

Date : 25 October 2023

The Board of Directors
Golden Agro Plantation (Mukah) Berhad
Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200, Kuala Lumpur

Dear Sirs,

We are pleased to submit the Independent Consultant's Report for the inclusion of the Prospectus dated 1 November 2023 issued pursuant to Section 28 of the Interest Schemes Act 2016 in connection with the offer for sale of up to 41,772 Grower's Plots under the GOLDEN AGRO GROWERS SCHEME established pursuant to the Interest Schemes Act 2016 by Golden Agro Plantation (Mukah) Berhad ("the Management Company").

Agronomic Visit Report: No. 15/2023**Date of Visit: 18 & 19 July 2023****1. INTRODUCTION**

This visit was made on 18 and 19 July 2023. The objectives of this visit are as follows:

- a. To identify the yield limiting factors, both nutrient-related and non-nutrient-related.
- b. To propose the appropriate mitigating measures.
- c. To assess the current health status of palms affected by floods in certain areas of M10 and M11.

2. AREA STATEMENT

There was no change in hectareage since our previous visit in 12-13 February 2023. The area statement as of June 2023 is appended below.

<u>FIELD</u>	<u>AREA (HA)</u>
Mature	
M10	1,372.09
M11	1,003.06
Immature	
M10	-
M11	-
Total Planted Area	2,375.15

3. HUMAN RESOURCES

Both estates possessed hard working workers with high daily out turn, both as harvesters and general field workers.

The current harvesters were sufficient to cope with at least two harvesting rounds per month. However, additional harvesters will be required to cope with the seasonal peak cropping in the months to come.

While the workforce was sufficient for weeding activities, additional workers may be required to speed up the manuring activities. This is to ensure fertilizer application is carried out in accordance with seasonal yield variation, as per recommendations made by the agronomist. If necessary, workers can be diverted from other tasks.

The numbers of executive and non-executive staffs were adequate for both the estates. With proper guidance from the executive staffs, all field staffs could perform their duties efficiently.

The Management has maintained a cordial relationship with the workers. As verified by the internal field audit team, the work quality was fair.

4. RAINFALL

The annual rainfall between Jan-20 and Jun-23 is appended below:

Total	Jan-Dec (12 months)						Jan-Jun (6 months)					
	2020		2021		2022		2022		2023		Variance (+/-) 2023 vs. 2022	
	mm	days	mm	days	mm	days	mm	days	mm	days	mm	days
M10	3,792	209	3,792	209	3,420	210	1,669	96	1,866	99	+11.8%	+3.1%
M11	5,057	237	5,176	198	3,503	201	1,641	83	2,307	88	+40.6%	+6.0%

The exceptionally high rainfall pummeling both estates since 2021 had extended into the first three months of 2023. High number of daytime rains was yet another causal factors to the delays in fertilizer application. Fortunately, rainfall has since become more favourable in the second quarter of 2023.

Compared to the corresponding period of 2022, the quantity of rain between Jan-23 and Jun-23 has increased in both M10 and M11, respectively. Increased though, the number of raindays was marginally higher. Fewer raindays shall greatly facilitate field operations.

All said, the rainfall was optimum for palm growth and bunch production.

5. FERTILIZER APPLICATION

By collating the foliar sampling results, historical rainfall and yields, the Visiting Agronomist had formulated site-specific fertilizer programs for both the estates.

The fertilisation regime consists of macronutrients (N, P, K, Mg) and micronutrients (Cu, Zn, B) with prescribed dosages as per site-specific requirements.

In compliance with the standard operating procedure, all fertilizers received had been sent to reputable laboratories as part of the quality control measures.

6. MANAGEMENT OF WEEDS

The field condition was satisfactory. Palm circles were largely free of noxious weeds and woody growth.

The inter-rows were primarily dominated by soft grasses such as *Nephrolepis biserrata*, *Fimbristylis acuminata* and *Paspalum conjugatum*.

7. MANAGEMENT OF PESTS AND DISEASES

Thanks to the calendar-based 6-monthly baiting campaign, incidence of fresh rat damage was less than 2% at time of this visit, mostly in M10 (Figure 1). By comparison, the action threshold is more than 5% of fresh damage. Most of the damage was spotted in blocks fringing the jungles.

For such areas, do carry out rat damage census, and commence baiting when fresh damage of more than 5% is recorded.



Figure 1.

An under-ripe fruit bunch in M10 with symptoms of fresh and old rat damage.

In tandem with taller palms, improved pollinating efficiency and satisfactory weeding standard, incidence of *Tirathaba* was low as well (Figure 2). As advised, early detection of *Tirathaba* bunch moth damage can be obtained by observing harvested fruit bunches on the FFB platforms during routine field grading. A full census will be carried out when damage exceeds the threshold.

Many species of termites are found on the floor of peat. Most of them merely carrying out beneficial ecological functions of breaking down dead woody materials. However, one species, *Coptotermes curvignathus*, which live off live palms, has been identified as pest.

Do keep a separate record of termite-infested palm in each block. A digital-based map is preferred, with attacked palm duly mapped with a GPS. Data from a geo-referenced digital map allows 'prediction' of possible outbreaks in the future.

It is worthwhile to raise the water table by blocking the surrounding drains for a period of seven days. This creates conditions that are unsuitable for the survival of *C. curvignathus*, thus forcing them to move up to the soil surface where they can be more easily visible and controlled.

Chemical spraying (with fipronil) onto palm trunks up to the basal region of the spear and crown (sometime even up to the shoots) and soil drenching are the standard operating procedures in termite control. For better control, it is best to scrap off the thick mudwork prior to spraying. Normally, half of the chemical solution is sprayed onto the palm, while the remaining half is sprayed around the bole of infested palm to act as barrier.



Figure 2.

Selective spraying (targeted approach) of sporadic *Tirathaba* attack with bio-insecticide *Bacillus thuringiensis*. Blue colour dye has been added for visual inspection.

8. CROP AND HARVESTING

Judging from the satisfactory number of developing fruit bunches at time of this visit, the estates could expect stronger momentum of yield growth in the second half of 2023 (Figure 3).

The Management have since imposed a very stringent rule pertaining the ripeness standard, *viz.* at least one detached loose fruit, hence the much-improved harvesting standard (Figure 4). The same was also true for loose fruit collection.

Excised from the middle portion of fruit bunches, most fruitlets do have thick mesocarp and medium kernel (Figure 5).



Figure 3.
The black bunch count was satisfactory in most blocks in M11.



Figure 4.
More than 98% of the harvested fruit bunches were of the correct ripeness.



Figure 5.

Our cut test shown that fruitlets extracted from the middle portion of fruit bunches do have thick mesocarp, thin shell and medium-sized kernel.

9. PALM LEANING AND MOUNDING

Random leaning, and in severe cases, fallen palms, are major problems of peat soil. The anomalies are mainly due to peat shrinkage and subsidence.

The Management has since taken the necessary mitigating measures, namely soil mounding (Figure 6) and good water management (Figure 7).



Figure 6.

Newly mounded palms in M10. Concurrent compaction of harvesting path during soil mounding would facilitate future field operations.



Figure 7.

One of the numerous stop-offs installed along the main drains of M11. It serves to maintain the water level at 50-70cm.

10. INFRASTRUCTURES

Widening and raising up the road foundation with transported mineral soil were in progress during this visit. Sametime, potholes caused by the previous floods have been patched, graveled, and rolled (Figure 8).



Figure 8.

A stretch of all-weather main road – nicely graveled and rolled; with periodical roadside pruning satisfactorily carried out.

11. CONCLUSIONS

Most of the shortcomings as highlighted in our previous report have since been attended to. We must thank the Management for the prompt actions.

Moving forward, the focus should be on applying fertilizers as formulated by the Visiting Agronomist.

The undersigned would like to take this opportunity to thank Mr. Lai Nan Foh (the Senior Manager) and the Management team for the kind hospitality rendered during this visit.

Report prepared by:

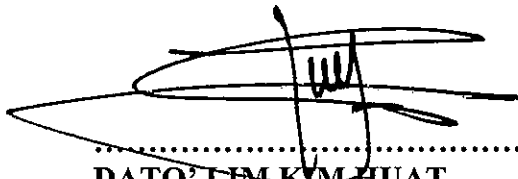


Seah Gim Yiuan
Director
Durio Palm Sdn. Bhd. (1366416-V)

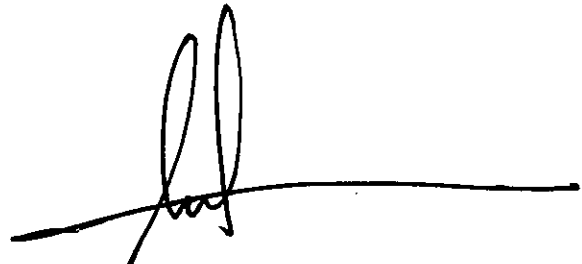
13. DIRECTORS' RESPONSIBILITY STATEMENT

This Prospectus has been seen and approved by the Directors of the Management Company and they jointly and severally accept full responsibility for the accuracy of the information given herein and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

THE DIRECTORS



.....
DATO' LIM KIM HUAT



.....
LESTER LIM SHEN YONG

Lodged by:

Messrs. C.K.Cheong & Seow
Advocates & Solicitors
Suite 01-06, 1st Floor
Wisma Tan Kim San (New Wing)
No. 518A, 3rd Mile, Jalan Sultan Azlan Shah
51200 Kuala Lumpur
Tel. No.: 03-40501313.

Lodged in the Office of the Registrar of Companies, Kuala Lumpur.

ANNEXURE

**SAMPLE CALCULATIONS OF REPURCHASE LIMIT AND
THE APPLICATION OF CLAUSE 3.6(b)(viii)**

Year within Harvest Phase (during the Repurchase Period)	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12, etc
Total % of Repurchase Request for the Year	0	3	6	3	2	4
Total % of Resold Plots	0	0	0	1	4	1
Repurchase % Reached	0	3	9	11	9	12
Repurchase Request Limit Exceeded by (%)	0	0	0	-1	0	-2

Repurchase Limit: 10% of Grower's Plots sold