NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF MKH OIL PALM (EAST KALIMANTAN) BERHAD ("MKHOP" OR "COMPANY") DATED 29 MARCH 2024 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd ("**M&A Securities**"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and MKHOP take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 29 March 2024 and will close at 5.00 p.m. on 16 April 2024. In the event there is any change to the timetable, MKHOP will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

www.mkhoilpalm.com

MKH

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Registration No. 200401023680 (662186-D))
(Incorporated in Malaysia)

G-02 & G-03, Ground Floor
Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor

Tel : +603-8751 8228

MKH OIL PALM (EAST KALIMANTAN) BERHAD (Registration No. 200401023680 (662186-D)) (Incorporated in Malaysia)

PROSPECTUS

PROSPECTUS

MKH

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Registration No. 200401023680 (662186-D))
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF MKH OIL PALM (EAST KALIMANTAN) BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 220,000,000 NEW ORDINARY SHARES ("SHARES") IN THE FOLLOWING MANNER:

- **51,209,800 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC; AND**
- **168,790,200 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;**

AND

(II) OFFER FOR SALE OF 30,707,700 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN IPO PRICE OF RM0.62 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Managing Underwriter, Joint Underwriter and Joint Placement Agent

M&A

M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter and Joint Placement Agent

kenanga

Kenanga Investment Bank Berhad
(Registration No. 197301002193 (15678-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Placement Agent

AmInvestment Bank

AmInvestment Bank Berhad
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SECURITIES COMMISSION MALAYSIA ("**SC**") HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL OF OUR IPO, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING THE RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 244.

This Prospectus is dated 29 March 2024

Our Directors, Promoters and Selling Shareholder (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Managing Underwriter, Joint Underwriter and Joint Placement Agent to our IPO, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

It is to be noted that the role of Kenanga Investment Bank Berhad in our IPO is limited to being a Joint Underwriter and Joint Placement Agent. It is to be noted that the role of AmInvestment Bank Berhad in our IPO is limited to being a Joint Placement Agent.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA (as defined herein) for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 16 November 2023. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The valuation utilised for the purpose of the Listing (as defined herein) should not be construed as an endorsement by the SC, on the value of the subject assets.

The SC had vide its letter dated 12 July 2023 taken note that our resultant equity structure pursuant to our Listing under the equity requirement for public listed companies ("**Bumiputera Equity Requirement**"). Our Company can be regarded as a company with predominantly foreign-based operations. Accordingly, our Company is exempted from the Bumiputera Equity Requirement.

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and

(c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	**Indicative date**
Issuance of this Prospectus/Opening of Application	29 March 2024
Closing of Application	16 April 2024
Balloting of Application	19 April 2024
Allotment/Transfer of IPO Shares to successful applicants	26 April 2024
Date of Listing	30 April 2024

In the event there is any change to the indicative timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used in this section are defined under "Definitions" commencing from page vii.

All references to "MKHOP" and "Company" in this Prospectus are to MKH Oil Palm (East Kalimantan) Berhad (Registration No. 200401023680 (662186-D)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Unless otherwise stated, the following foreign currency has been translated into their RM equivalents based on the following middle exchange rates published by BNM, where applicable:

	FYE 2020		**FYE 2021**		**FYE 2022**	
Foreign currency	**Average RM**	**Closing RM**	**Average RM**	**Closing RM**	**Average RM**	**Closing RM**
IDR1000	0.2908	0.2790	0.2874	0.2930	0.2963	0.3040

	FYE 2023		**As at LPD**	
Foreign currency	**Average RM**	**Closing RM**	**Average RM**	**Closing RM**
IDR1000	0.2978	0.3040	0.3002	0.3020

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

FORWARD-LOOKING STATEMENTS

All terms used in this section are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

(a) Demand for our products;

(b) Our business strategies;

(c) Our future plans;

(d) Our future earnings, cash flows and liquidity; and

(e) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(a) The economic, political and investment environment in Malaysia and Indonesia; and

(b) Government policy, legislation or regulation of the countries which we operate in.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information", wherein the material differences in our historical results and the factors that have caused them are discussed. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part ll (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"MKHOP" or "Company"	:	MKH Oil Palm (East Kalimantan) Berhad (Registration No. 200401023680 (662186-D))
"MKHOP Group" or "Group"	:	MKHOP and its subsidiaries, collectively
"PT MKH"	:	PT Maju Kalimantan Hadapan (Business Identification No. 8120014280519), a wholly-owned subsidiary of our Company
"PT SPS"	:	PT Sawit Prima Sakti (Business Identification No. 8120019071063), a wholly-owned subsidiary of our Company
"Hala Maju"	:	Hala Maju Sdn Bhd (Registration No. 202301043241 (1537157-X)), a special purpose vehicle, which is wholly-owned by our Company, established for holding of 1 ordinary share in both PT MKH and PT SPS respectively to facilitate the Acquisition of PT MKH and Acquisition of PT SPS

GENERAL:

"Acquisition of PT MKH"	:	Acquisition by our Company of 27,634 ordinary shares in PT MKH representing 5.7% equity interest from Metro Kajang (Oversea) and PT Hikmat for a total purchase consideration of RM53,515,709 which was satisfied via the issuance 44,227,859 new MKHOP Shares (after the Share Split) at an issue price of RM1.21 each and was completed on 20 December 2023
"Acquisition of PT SPS"	:	Acquisition by our Company of 9,300 ordinary shares in PT SPS representing the entire equity interest from MKH Plantation, Ivakijaya and PT Hikmat for a total purchase consideration of RM27,863,922 which was satisfied via the issuance 23,028,035 new MKHOP Shares (after the Share Split) at an issue price of RM1.21 each and was completed on 20 December 2023
"Act"	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
"Activest"	:	Activest Sdn Bhd (Registration No. 201301001919 (1031756-A))
"ADA"	:	Authorised Depository Agent
"Adviser" or "Managing Underwriter and Joint Underwriter" or "Joint Placement Agent"	:	M&A Securities
"AmInvestment Bank" or "Joint Placement Agent"	:	AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
"Application(s)"	:	Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)

"Application Form(s)"	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ASEAN"	:	Association of Southeast Asian Nations
"ATM"	:	Automated teller machine
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of our Company
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"Capitalisation"	:	Settlement by our Company of the amount owing by our Group to Metro Kajang (Oversea) and MKH Plantation by capitalising the amount owing RM88,967,612 into 73,526,951 new MKHOP Shares (after the Share Split) at an issue price of RM1.21 each
"CCC"	:	Certificate of completion and compliance
"CCM"	:	Companies Commission of Malaysia
"CCSR"	:	Chen Choy & Sons Realty Sdn Bhd (Registration No. 197601000523 (26485-H))
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Customer W"	:	A palm oil company mainly involving in cultivation of oil palm, processing of CPO and downstream refining of palm oil based in Indonesia. Customer W is not listed on any exchange, however, its holding company, is listed on the Singapore Exchange. Our Group does not have a non-disclosure agreement with Customer W. Although we do not have a non-disclosure agreement with Customer W, the customer has informed us that it is not agreeable to be named in the Prospectus due to its company policy, and as such, we are unable to disclose Customer W's name in the Prospectus
"CMSA"	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
"Constitution"	:	Our constitution
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019

"CSR"	:	Corporate social responsibility
"Depository Rules"	:	Rules of Bursa Depository and any appendices thereto, as amended from time to time
"Distribution"	:	Distribution by MKH by way of dividend-in-specie of 82,487,981 MKHOP Shares (after the Pre-IPO Reorganisation) to the Entitled Shareholders on the Entitlement Date
"Director(s)"	:	The executive director(s) or a non-executive director(s) of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	:	Application(s) for IPO Shares through a Participating Financial Institution's ATM
"Entitled Shareholder(s)"	:	Shareholder(s) of MKH whose name(s) must appear in the Record of Depositors of MKH on the Entitlement Date to participate in the Distribution
"Entitlement Date"	:	15 February 2024, being the entitlement date for the Distribution
"EPS"	:	Earnings per share
"Equity Guidelines"	:	Equity Guidelines issued by the SC
"FYE"	:	Financial year(s) ended/ending 30 September, as the case may be
"Government"	:	Government of Malaysia
"GP"	:	Gross profit
"HGB"	:	Hak Guna Bangunan or Right to Build
"HGU"	:	Hak Guna Usaha or Right to Cultivate
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Oil Palm Industry in Indonesia" dated 14 March 2024
"Independent Valuer"	:	C H Williams Talhar & Wong (Sabah) Sdn Bhd (Registration No. 197701003650 (34874-P))
"Indonesian Company Law"	:	Law of Republic of Indonesia No. 40 of 2007 Concerning Limited Liability Company

"Indonesian Government"	:	Government of Indonesia
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application(s) as listed in Section 17.6
"Internet Share Application(s)"	:	Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)
"IPO Price"	:	The price of RM0.62 per IPO Share under our IPO
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"ISPO Certificate"	:	Indonesian Sustainable Palm Oil Certificate
"Issue Share(s)"	:	220,000,000 new MKHOP Share(s) to be issued under the Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"IT"	:	Information technology
"Ivakijaya"	:	Ivakijaya Sdn Bhd (Registration No. 200501015554 (692601-P))
"Joint Placement Agent(s)"	:	Collectively, M&A Securities, Kenanga IB and AmInvestment Bank
"Joint Underwriter(s)"	:	Collectively, M&A Securities and Kenanga IB
"Kenanga IB"	:	Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678-H))
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM387,215,243 comprising 1,023,590,845 Shares on the Main Market
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"Lotus Way"	:	Lotus Way Sdn Bhd (Registration No. 199601013973 (386323-M))
"LPD"	:	29 February 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"Main Market"	:	Main Market of Bursa Securities

"Malaysian Public"	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia, but excluding MKHOP Group's Directors, substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MCCG"	:	Malaysian Code on Corporate Governance
"Metro Kajang (Oversea)"	:	Metro Kajang (Oversea) Sdn Bhd (Registration No. 199301016059 (270799-X))
"MFRS"	:	Malaysian Financial Reporting Standards
"MITI"	:	Ministry of Investment, Trade and Industry Malaysia
"MKH"	:	MKH Berhad (Registration No. 197901006663 (50948-T))
"MKH Building Materials"	:	MKH Building Materials Sdn Bhd (Registration No. 198301000402 (95635-K))
"MKH Group"	:	MKH and its subsidiaries
"MKH Plantation"	:	MKH Plantation Sdn Bhd (Registration No. 200601018004 (737756-U))
"MKH Resources"	:	MKH Resources Sdn Bhd (Registration No. 199101015405 (225717-X))
"MKHOP Share(s) or Share(s)"	:	Ordinary share(s) in MKHOP
"Moratorium Shareholder(s)"	:	Collectively, CCSR, Tan Sri Alex Chen, Tan Sri Eddy Chen, Datuk Chen Fook Wah, MKH, Metro Kajang (Oversea) and MKH Plantation being shareholders of our Company whose MKHOP Shares will be subject to moratorium pursuant to Paragraph 5.29(a), Part II of the Equity Guidelines
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	Offer for sale of 30,707,700 Offer Shares by our Selling Shareholder at our IPO Price
"Offer Share(s)"	:	30,707,700 existing Shares to be offered by our Selling Shareholder pursuant to the Offer for Sale
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application(s) as listed in Section 17.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax

"PE Multiple"	:	Price-to-earnings multiple
"Pre-IPO Reorganisation"	:	Share Split, Acquisition of PT MKH, Acquisition of PT SPS and Capitalisation, collectively
"Promoters"	:	MKH, Tan Sri Alex Chen, Tan Sri Eddy Chen and Datuk Chen Fook Wah who are parties to the preparation of the Prospectus (or any relevant portion thereof) in relation to our Listing
"Prospectus"	:	This prospectus dated 29 March 2024 in relation to our IPO
"Prospectus Guidelines"	:	Prospectus Guidelines issued by the SC
"PT Hikmat"	:	PT Hikmat Aliran Sukses (Business Identification No. 1292000231906)
"PT NMJ"	:	PT Nusantara Makmur Jaya (Business Identification No. 8120107732642)
"Public Issue"	:	Public issue of 220,000,000 Issue Shares at our IPO Price
"RCPS"	:	Redeemable convertible preference shares
"Restu Mesra"	:	Restu Mesra Sdn Bhd (Registration No. 202201000650 (1446347-D))
"ROC"	:	Registrar of Companies
"Rules of Bursa Depository"	:	Rules of Bursa Depository, as amended from time to time and any re-enactment thereof
"R&D"	:	Research and development
"Share Split"	:	The subdivision of 1 existing MKHOP Share into 6 new MKHOP Shares completed on 29 November 2023 as part of the Pre-IPO Reorganisation
"SC"	:	Securities Commission Malaysia
"Selling Shareholder"	:	Metro Kajang (Oversea)
"SOP"	:	Standard operating procedures
"Tan Sri Alex Chen"	:	Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong
"Tan Sri Eddy Chen"	:	Tan Sri Datuk Chen Lok Loi
"Underwriting Agreement"	:	Underwriting agreement dated 21 February 2024 entered into between our Company and our Joint Underwriters for the purpose of our IPO

DEFINITIONS *(Cont'd)*

CURRENCIES:

"IDR"	:	Indonesian Rupiah
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"USD"	:	United States Dollar

UNIT OF MEASUREMENT

"Ha"	:	Hectare
"kg"	:	Kilogram
"km"	:	Kilometre
"mm"	:	Millimetre
"MT"	:	Metric tonne
"sq m"	:	Square metre

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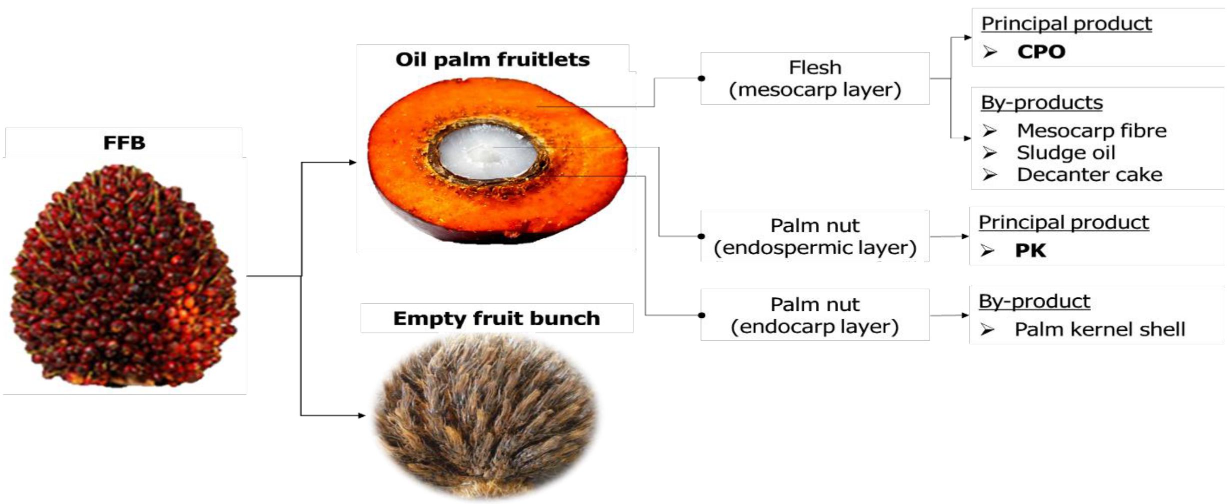
TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"AMSL"	:	Refers to "above mean sea level", which is a measure of height, elevation or altitude of a location in reference to the average sea level
"CPKO"	:	Refers to "crude palm kernel oil", which is the oil extracted from the PK
"CPO"	:	Refers to "crude palm oil", which is the oil extracted from the fibrous outer layer (mesocarp layer) of oil palm fruits
"Decanter cake"	:	Solid waste accumulated from the oil clarification process that contains macro and micro nutrient elements which can be used as fertiliser
"EFB"	:	Refers to "empty fruit bunches", which is the leftover fibrous material after the threshing/removal of oil palm fruits from FFB
"EFB liquor"	:	Liquid obtained from EFB pressing process that mainly contains oil and water
"Farm ATV(s)"	:	Refers to "all-terrain vehicle", used for agricultural purposes, which is a four-wheel single-occupant vehicle commonly used in plantation activities to carry out functions such as inspecting plantation crops, applying fertiliser and harvesting crops
"Farm UTV(s)"	:	Refers to "utility task vehicle" used for agricultural purposes, which is a four wheel two-occupant vehicle commonly used in plantation activities to carry out functions such as inspecting plantation crops, applying fertiliser and harvesting crops
"FFA"	:	Refers to "free fatty acids", which is released naturally in CPO upon the reaction of oil and water. The percentage of FFA in CPO is a key feature that determines the quality, commercial value and usage of CPO
"FFB"	:	Refers to "fresh fruit bunches", which are oil palm fruits that grow in bunches on oil palm trees, where CPO and PK are obtained



"IUP"	:	Plantation Business Licence of Cultivation (*Izin Usaha Perkebunan untuk Budidaya*) (IUP-B) is a written license issued by an authorized official which must be owned by companies undertaking plantation cultivation business
"KER"	:	Refers to "kernel extraction rate", which is the percentage of PK extracted from processed FFB
"La Nina"	:	A weather phenomenon where warm water at the ocean surface are blown by strong winds westwards from South America to Indonesia across the Pacific Ocean, which leads to increased rainfall in Indonesia
"Mesocarp fibre"	:	Leftover fibrous material (of the mesocarp layer of oil palm fruits) after the oil extraction process that can be used as fuel for boilers
"Mineral soil land"	:	Soil that comprises mainly minerals such as clay, sand and silt, and is low in organic matter (i.e. plant or animal matter)
"OER"	:	Refers to "oil extraction rate", which is the percentage of CPO extracted from processed FFB
"Peat soil land"	:	Soil that comprises partially decomposed organic matter mainly derived from plant matter. Peat soil forms in flooded or waterlogged conditions which obstruct the flow or oxygen and affect the decomposition of organic matter
"PK"	:	Refers to "palm kernel", which is the nut of oil palm fruits
"PKE"	:	Refers to "palm kernel expeller", which is a by-product from the crushing of PK that can be used as stock feed
"PK shell"	:	Shell left after the PK recovery process where the PK is extracted. PK shells can be used as fuel for boilers
"Plasma Farmers"	:	Local cooperatives under the Plasma Programme
"Plasma Programme"	:	The Plasma Programme is an initiative by the Indonesian Government to encourage plantation owners in Indonesia to provide economic and social assistance to surrounding villagers (small landholders) by helping them increase their income and welfare. Under the Plasma Programme, our Group is involved and obliged to assist local community (in the form of cooperatives) in the development and preparation of plantation land, supplying oil palm seedlings to local cooperatives as well as training, educating and having a partnership with the farmers under the local cooperatives in oil palm cultivation and management as mandated under Indonesian plantations laws and regulations. In this respect, a company applying for an IUP for an area of 250 Ha or more must facilitate the local community's development by providing the local community with a plantation area of at least 20.0% of the total area given to the company as stated in the IUP
"POME"	:	Refers to "palm oil mill effluent", which is a brownish liquid containing mainly water and some suspended solids which is accumulated from the milling process. POME has to be treated before being discharged

TECHNICAL GLOSSARY *(Cont'd)*

"Powered wheelbarrows"	:	Self-propelled wheelbarrow in which the wheels are replaced with continuous tracks, also known as caterpillar track or track link to collect and transport FFB
"Sludge oil"	:	Residual oil that is collected during the POME treatment process that can be sold for processing into other products such as biodiesel and fertiliser
"RBD palm oil"	:	Refers to "refined, bleached and deodorised palm oil" which is obtained from refining crude palm oil
"Water table"	:	Upper level of an underground surface where the rocks and soil are continually soaked in water. It varies with the seasons and from year to year due to climatic variations and precipitation
"Water gate"	:	Acts as a water barrier which halts or controls the flow of water in a watercourse

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Residential address	Nationality/ Profession	Gender
Tan Sri Alex Chen	Non-Independent Non-Executive Chairman	1, Lorong Bukit Indah 3 Taman Bukit Indah 43000 Kajang Selangor	Malaysian/ Director	Male
Tan Sri Eddy Chen	Non-Independent Non-Executive Director	155, Persiaran Impian Gemilang Saujana Impian 43000 Kajang Selangor	Malaysian/ Director	Male
Dato' Lee Khee Meng	Executive Director	Suite A-20-3A Saville @ The Park Bangsar 1, Jalan Pantai Murni 8 59200 Kuala Lumpur	Malaysian/ Director	Male
Chen Wei Chyong	Executive Director	4, Lorong Bukit Indah 3 Taman Bukit Indah 43000 Kajang Selangor	Malaysian/ Director	Female
Yeo Kiat Seng	Non-Independent Non-Executive Director	1, Jalan SS 19/4B 47500 Subang Jaya Selangor	Malaysian/ Director	Male
Leong Sow Yoke	Independent Non-Executive Director	19, Jalan 5/3 Bukit Gasing 46000 Petaling Jaya Selangor	Malaysian/ Director	Female
Ong Kim Pin	Independent Non-Executive Director	7, Jalan Permas 11/5 Bandar Baru Permas Jaya 81750 Masai Johor	Malaysian/ Director	Male
Tan Hoe Hing	Independent Non-Executive Director	55, Jalan PP 2/9 Taman Putra Prima 47130 Puchong Selangor	Malaysian/ Director	Male
Dr Hasuria Binti Che Omar	Independent Non-Executive Director	33A Reed Taman Tasik Impian 1 Jalan Tasik Damai Lake Fields, Sungai Besi 57000 Kuala Lumpur	Malaysian/ Director	Female
Yahya Bin Ariffin	Independent Non-Executive Director	22, Jalan 3/4A Seksyen 3, Bandar Rinching 43500 Semenyih Selangor	Malaysian/ Director	Male

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Leong Sow Yoke	Chairperson	Independent Non-Executive Director
Ong Kim Pin	Member	Independent Non-Executive Director
Yahya Bin Ariffin	Member	Independent Non-Executive Director
Tan Hoe Hing	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Dr Hasuria Binti Che Omar	Chairperson	Independent Non-Executive Director
Tan Hoe Hing	Member	Independent Non-Executive Director
Yeo Kiat Seng	Member	Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Tan Hoe Hing	Chairperson	Independent Non-Executive Director
Dr Hasuria Binti Che Omar	Member	Independent Non-Executive Director
Yahya Bin Ariffin	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARY	:	Keng Ching Tong (MAICSA 7056252) SSM Practising Certificate No.: 201908000962 *(Malaysian Institute of Chartered Secretaries and Administrators)* 35, Jalan Setia Impian 2/2 Taman Setia Impian 43000 Kajang Selangor Telephone No.: +603-8751 8228
REGISTERED OFFICE	:	G-02 & G-03, Ground Floor Wisma MKH Jalan Semenyih 43000 Kajang Selangor Telephone No.: +603-8751 8228
HEAD OFFICE	:	G-02 & G-03, Ground Floor Wisma MKH Jalan Semenyih 43000 Kajang Selangor Telephone No.: +603-8751 8228
EMAIL ADDRESS AND WEBSITE	:	Website: www.mkhoilpalm.com Email address: info@mkhoilpalm.com
AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING	:	**Deloitte PLT** (LLP0010145-LCA & AF 0080) Chartered Accountants Level 16, Menara LGB 1, Jalan Wan Kadir Taman Tun Dr. Ismail 60000 Kuala Lumpur **Auditors for our Company** Partner-in-charge: Lai Can Yiew *(Chartered Accountant, Member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Fellow of Certified Practising Accountant Australia)* Approval number: 02179/11/2024 J **Reporting Accountants for our Listing** Partner-in-charge: Alvin Chang Shu-Wei *(Chartered Accountant, Member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants)* Approval number: 03480/01/2026 J Telephone No.: +603-7610 8888

1. CORPORATE DIRECTORY *(Cont'd)*

ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITER AND JOINT PLACEMENT AGENT	:	**M & A Securities Sdn Bhd** (Registration No. 197301001503 (15017-H)) 45 & 47, Levels 3 and 7 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone No.: +603-2284 2911
JOINT UNDERWRITER AND JOINT PLACEMENT AGENT	:	**Kenanga Investment Bank Berhad** (Registration No. 197301002193 (15678-H)) Level 17, Kenanga Tower 237, Jalan Tun Razak 50400 Kuala Lumpur Telephone No.: +603-2172 2888
JOINT PLACEMENT AGENT	:	**AmInvestment Bank Berhad** (Registration No. 197501002220 (23742-V)) Level 21, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur Telephone No.: +603-2036 2633
SOLICITORS FOR OUR LISTING IN RESPECT OF MALAYSIAN LAW	:	**Cheang & Ariff** Loke Mansion 273A, Jalan Medan Tuanku 50300 Kuala Lumpur Telephone No.: +603-2691 0803
SOLICITORS FOR OUR LISTING IN RESPECT OF INDONESIAN LAW	:	**Ali Budiardjo, Nugroho, Reksodiputro** (Business Identification No. 9120016142104) Graha CIMB Niaga, 24th Floor Jalan Jend. Sudirman Kav. 58 Jakarta 12190 Telephone No.: +62-21250 5125/5136
ISSUING HOUSE AND SHARE REGISTRAR	:	**Tricor Investor & Issuing House Services Sdn Bhd** (Registration No. (197101000970 (11324-H)) Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone No.: +603-2783 9299

1. CORPORATE DIRECTORY *(Cont'd)*

INDEPENDENT MARKET RESEARCHER	:	**Smith Zander International Sdn Bhd** (Registration No. 201301028298 (1058128-V)) 15-01, Level 15 Menara MBMR 1, Jalan Syed Putra 58000 Kuala Lumpur Managing Partner: Dennis Tan Tze Wen *(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)* Telephone No.: +603-2732 7537
INDEPENDENT VALUER	:	**C H Williams Talhar & Wong (Sabah) Sdn Bhd** (Registration No. 197701003650 (34874-P)) Rooms 605-608, 6th Floor Wisma Khoo Siak Chiew W.D.T. 110 90009 Sandakan, Sabah Telephone No.: +6089-219 714 Valuer-in-charge: Sr Benjamin Mu Vi Ken Registration number: V0821 (Registered Valuer, Board of Valuers, Appraisers, Estate Agents and Property Managers)
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by Shariah Advisory Council of the SC

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2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

	Public Issue		Offer for Sale		Total	
	No. of Shares	**(1)%**	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**
Malaysian Public(2)	51,209,800	5.0	-	-	51,209,800	5.0
Private placement to selected investors	168,790,200	16.5	30,707,700	3.0	199,497,900	19.5
	220,000,000	**21.5**	**30,707,700**	**3.0**	**250,707,700**	**24.5**

Enlarged number of Shares upon Listing	1,023,590,845
IPO Price per Share	RM0.62
Market capitalisation upon Listing (based on our IPO Price and enlarged number of Shares upon Listing)	RM634,626,324

Notes:

(1) Based on our enlarged share capital of 1,023,590,845 Shares after our IPO.

(2) 25,604,900 Issue Shares will be set aside for Bumiputera public investors.

Further details of our IPO are set out in Section 4.

In compliance with the Equity Guidelines, our Moratorium Shareholders are not allowed to sell, transfer or assign any part of their respective shareholdings in our Company for a period of 6 months from the date of our Listing. In addition, the shares held by the following shareholders in their respective companies will be placed under moratorium and the following shareholders are not allowed to sell, transfer or assign their entire shareholdings in the respective companies for 6 months from the date of our Listing:

(a) Tan Sri Alex Chen, Tan Sri Eddy Chen, Datuk Chen Fook Wah and Liew Mee Ling in CCSR; and

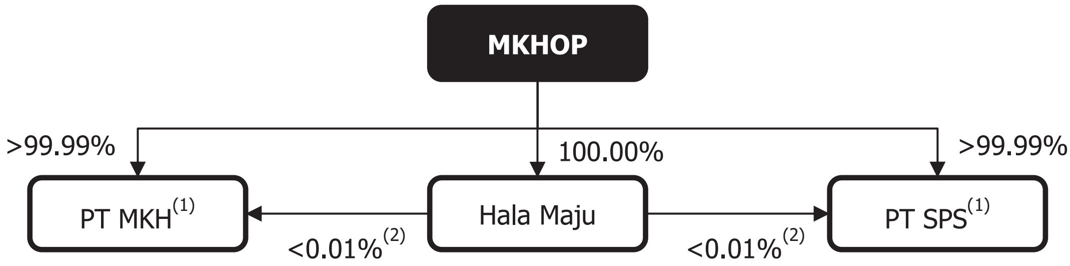
(b) MKH in Metro Kajang (Oversea) and MKH Plantation.

Further details on the moratorium on our Shares are set out in Section 3.2.

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Companies Act 1965 on 10 August 2004 as a private company limited by shares under the name of Detik Merdu Sdn Bhd and is deemed registered under the Act. On 7 January 2021, we changed our name to MKH Global Plantation Sdn Bhd. Subsequently, on 1 October 2021, we further changed our name to MKH Oil Palm (East Kalimantan) Sdn Bhd. On 11 August 2022, our Company was converted into a public company limited by shares and assumed our present name.

Our Company's principal activities are investment holding and management services. Our Group structure as at LPD is as follows:



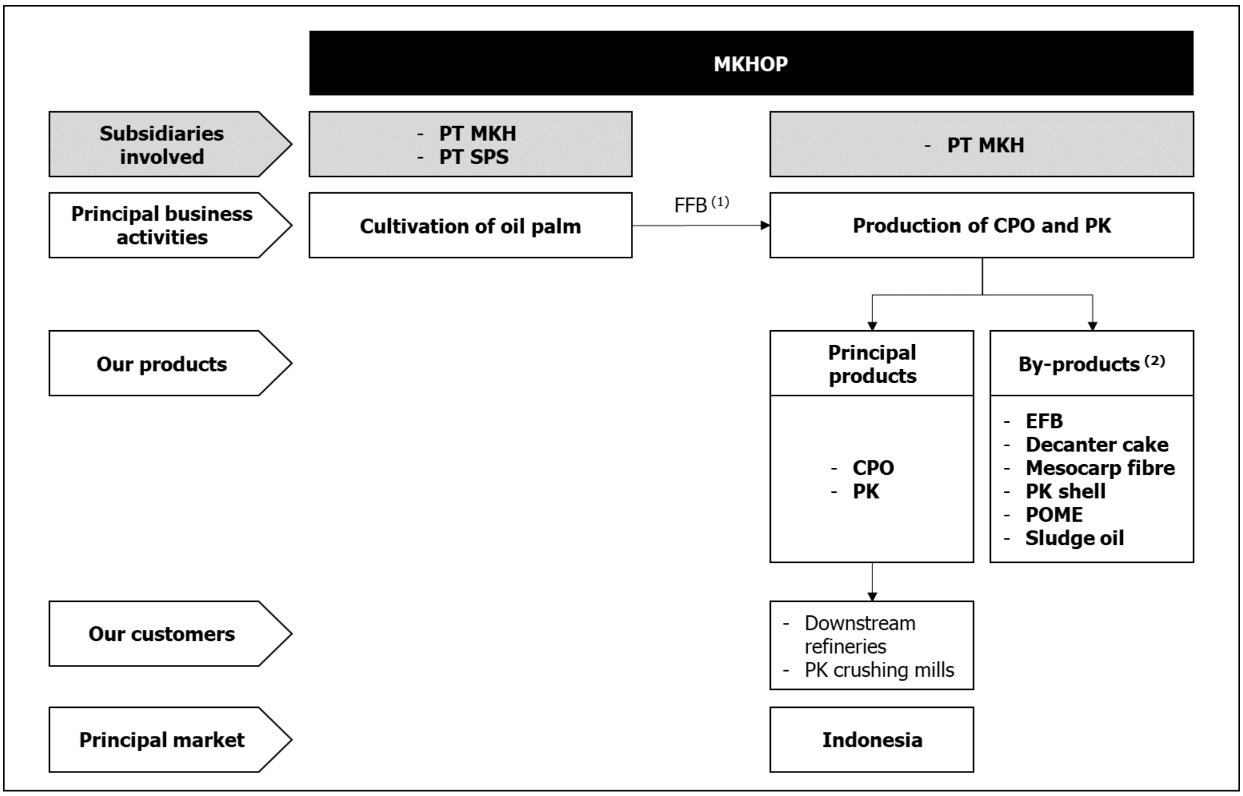
Notes:

(1) Pursuant to Paragraph 5 of Article 7 of the Indonesian Company Law, both PT MKH and PT SPS are required to have a minimum of 2 shareholders within 6 months upon completion of the Acquisition of PT MKH and Acquisition of PT SPS respectively, where the number of shareholders in both PT MKH and PT SPS reduces below 2. As such, MKHOP has transferred 1 ordinary share it owns in both PT MKH and PT SPS to Hala Maju to facilitate the Acquisition of PT MKH and Acquisition of PT SPS. Hala Maju remains as the shareholder of the 1 ordinary share in both PT MKH and PT SPS to comply with Paragraph 1 of Article 7 of the Indonesian Company Law. Please refer to Sections 6.2.2 and 6.2.3 for further details on the Acquisition of PT MKH and Acquisition of PT SPS.

(2) Represents 1 ordinary share in each PT MKH and PT SPS held by Hala Maju.

Through our subsidiaries, we are principally involved in the cultivation of oil palm and production and sale of CPO and PK. The principal activities of our subsidiaries are set out in Section 6.4.

Our Group's business model is depicted in the diagram below:



Notes:

(1) Harvested FFB in our plantation estates are sent to our palm oil mill for the production of CPO and extraction of PK. In addition, we sell harvested FFB to neighbouring palm oil mills located within 2 to 3 hours of delivery distance, during the period where our palm oil mill undergoes annual major maintenance.

(2) EFB and decanter cake are used as fertiliser at our oil palm plantations, mesocarp fibre and PK shells are used as fuel for the boilers at our palm oil mill (which are used for steam and electricity generation), and POME are treated prior to be discharged for land application in our plantation estates. During the POME treatment process, sludge oil, which is the residue, will be collected and sold to external customers which can be used in the production of biodiesel and soaps.

For FYE 2020 to 2023, the sale of CPO was the largest revenue contributor to our Group as it contributed 79.9%, 85.9%, 87.3% and 91.7% to our Group's revenue, respectively. Our Group's business activities were largely based in Indonesia.

During the same period, sales derived in Indonesia contributed 88.7%, 96.0%, 100.0% and 100.0% respectively, which was entirely from our plantation business; while sales derived in Malaysia accounted for 11.3%, 4.0% during FYE 2020 to 2021 and nil during FYE 2022 to 2023 to our Group's total revenue. The sales derived in Malaysia in FYE 2020 and 2021 were entirely generated from the trading of building materials. For FYE 2022 and 2023, our Group's solely generated revenue from Indonesia and no sales was generated from Malaysia as our Group had ceased the building materials trading business since 1 January 2021 in preparation for our Listing.

Further details of our Group and our business model are set out in Sections 6 and 7.

2.3 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the temporary interruption to our business operations during the outbreak of the COVID-19 pandemic leading to several measures being undertaken by our Group to prevent the outbreak of the virus in our plantation estates, we had not experienced any other interruptions to our business which had a significant effect on our operations in FYE 2020 to 2023 and up to LPD.

The impact on our Group's operations, financials, and business and earning prospects pursuant to the COVID-19 pandemic are described as follows:

2.3.1 Impact to our operations

During the periods of State of Emergency, PSBB, PPKM and PPKM-Mikro (as defined in Section 7.8), agricultural and plantation activities as well as production of agricultural goods were permitted under a guideline published by the Indonesian Government. As such, our plantation estates and palm oil mill have been able to operate at full capacity and there have been no interruptions to our business operations.

We experienced some slight delays in the supply of certain fertilisers and chemicals from our suppliers during the pandemic due to global supply chain disruptions as a result of lockdown measures imposed in many countries. Nevertheless, there was no material impact to our business operations including the FFB yield of our oil palm trees, as our Group advanced our purchase of fertilisers and chemicals with our suppliers up to 6 months ahead of the planned usage (from our standard practice of up to 3 months of advanced purchase prior to the pandemic) to minimise the delays in the receipt of these supplies. While our Group's FFB yield was declining in the past 3 FYEs from 29.3MT per Ha in FYE 2020 to 26.7MT per Ha in FYE 2021, 23.2MT per Ha in FYE 2022 and improved marginally to 24.1MT per Ha in FYE 2023, the decline and relatively low in FFB yield was due to lower FFB harvested as a result of heavy rainfall from the La Nina phenomenon. Further, we experienced some delays in product collection by our customers, but such delays did not lead to any material impact to our business operations as the delays were minor and did not result in constraints in our storage capacity nor disrupt our milling activities. These products have subsequently been collected by our customers and there was no dispute arising from these delays in product collection by our customers.

Save for the abovementioned events, there have been no other interruptions to our business operations arising from the COVID-19 pandemic.

2.3.2 Impact to our sales, business cash flows, liquidity, financial position and financial performance

Our sales and financial performance were not impacted by the COVID-19 pandemic as there was no cancellation of contracts or deferment of contracts. Further, we have been able to sell our CPO and PK as there have been continuous demand for our products from our customers. Additionally, there was no material impact or difficulties in the collectability of our trade receivables within our credit terms. There was also no material impact to our cash flows, liquidity, financial position and financial performance.

Further details on the impact of COVID-19 pandemic and our measures to commence and continue operations are set out in Section 7.8.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

(a) We have oil palm plantations with a maturity and topographical profile that result in high FFB yields. As at LPD, our prime mature oil palms are those aged between 10 and 16 years, which made up approximately 94.9% of our total planted area. As a result of the ideal age profile of our oil palms whereby majority of them are in the early or mid-years of prime mature stage, as well as the topographical profile of our plantation estates, we achieved average FFB yields of 29.3MT per Ha, 26.7MT per Ha, 23.2MT per Ha and 24.1MT per Ha for FYE 2020 to 2023, respectively;

(b) We adopt plantation practices that focus on the efficiency of our plantation management and quality of our crop. Further, we utilise technology and enhanced mechanisation to achieve efficient plantation and quality crop. The adoption of these plantation practices has improved our labour productivity in terms of FFB harvested per manday as well as the management and operational efficiency of our plantation activities;

(c) We are well positioned to benefit from optimal conditions for oil palm plantation as our oil palm plantation estates are located in East Kalimantan, Indonesia which is within the tropical belt along the equator that has an optimum climate for the cultivation of oil palm. Further, our plantation estates and palm oil mill are located close to the provincial capital of East Kalimantan, namely Samarinda; and the financial centre of Kalimantan, namely Balikpapan;

(d) In our effort to produce sustainable palm oil, we are committed to the preservation of a healthy ecosystem at our plantation estates via good estate management practices. Our subsidiaries, namely PT MKH and PT SPS received the ISPO certification in 2017 and 2022, respectively, as a testament to our sustainable plantation practices and ability to produce sustainable palm oil, which allows our Group to expand the market acceptance of our products in local market;

(e) We have an experienced key senior management team with strong industry expertise. Our key senior management team possesses substantial knowledge and exposure in the oil palm plantation business. The team has played a vital role in promoting our growth and business expansion, and will continue to contribute to our growth in the future; and

(f) We are well positioned to benefit from growth in the global edible oils market and the oil palm industry in Indonesia as our CPO and PK are sold to downstream refineries and PK crushing plants for the production of palm-based edible oils and oleochemical products. The potential for our future revenue growth is promising in line with the increasing demand for edible oils and fats globally.

Further details of our competitive strengths are set out in Section 7.14.

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 24 months from the date of our Listing:

(a) We plan to expand our oil palm plantation business by acquiring additional land located in close proximity to our current oil palm plantation estates in Kutai Kartanegara, East Kalimantan for better coordination of operational and logistics management. As at LPD, we have identified company(ies) with potential land banks (subject to negotiation and feasibility study to be conducted) for oil palm plantation in the sub-district of Muara Kaman, Kutai Kartanegara, East Kalimantan, with an estimated land area of approximately 5,000.0 Ha with an estimated area for planting of 4,000.0 to 4,500.0 Ha;

(b) We intend to purchase new machinery and equipment to enhance the efficiency of our FFB harvesting activities and palm oil milling activities for the production of CPO and PK which will eventually improve the financial performance of our Group;

(c) We plan to expand our processing capabilities and product offerings by producing and selling CPKO by setting up a PK crushing facility adjacent to our existing palm oil mill, with a processing capacity of 90MT PK per day, to crush and press PK for extraction and processing into CPKO, which includes PKE which is a by-product of CPKO from PK crushing;

(d) We plan to construct new staff quarters using a combination of bricks, concrete and wood which are safer and less exposed to hazards and refurbish our existing staff quarters to enhance the living conditions of our workers and their family members as part of continuous accommodation upgrading initiative; and

(e) We plan to expand the coverage of electricity supply generated through the turbines at our palm oil mill to other regions of our plantation estates (which are supplied by electricity generated through diesel generators as at LPD) to reduce our diesel fuel cost as well as part of our effort for environment conservation.

Further details of our business strategies are set out in Section 7.15.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

(a) Our financial performance is subject to the fluctuation in the market prices of CPO and PK. Any increase in demand for CPO and PK and/or shortage in supply of CPO and PK tends to result in an increase in the market price of CPO and PK, and vice versa. In the second half of FYE 2022, our Group's financial performance was adversely affected by the decline in our average selling prices of CPO and PK, where the decline was in tandem with market prices of CPO and PK. The decline in market prices of CPO and PK from May 2022 was due to excessive stock of CPO in Indonesia accumulated during the export ban on CPO, RBD palm oil, RBD palm olein and used cooking oil implemented by the Government of Indonesia from 28 April 2022 to 23 May 2022 which subsequently led to an increase in CPO export after the export ban was lifted. In FYE 2023, our Group's financial performance was affected due to the decrease in our average selling prices for CPO and PK. The decrease in our average selling prices for CPO in FYE 2023 was in tandem with the decrease in global CPO prices, due to lower demand for CPO from China, India and Europe. Our average selling prices for PK was also in tandem with the decrease in global PK prices, which generally move in tandem with CPO prices;

(b) It is crucial to harvest sufficient FFB for the production of CPO and extraction of PK to generate revenue for our Group and FFB yields are generally dependent on several factors to ensure high FFB yields. Our business growth may be adversely affected if we fail to continuously improve our FFB yields which could result in stagnant or lower production of CPO and PK;

(c) The quality of our CPO is mainly measured by the FFA content whereas the quality of our PK is measured by the moisture and impurity levels as well as FFA content. If we fail to continuously maintain the quality of our CPO and PK based on the industry guidelines, our financial performance may be adversely affected as a result of claims from our customers;

(d) We are dependent on our Executive Directors and key senior management for continued success and growth of our business. Any significant or sudden loss of the services of our Executive Directors and/or key senior management without suitable replacement in a timely manner may adversely affect our Group's operations;

(e) We require various licences, approvals and permits for our business operations. Any failure to renew, maintain or obtain the licences, approvals and permits required for our business operations may lead to interruptions to our on-going operations, affect the implementation of any planned capacity expansion and/or affect the demand for our products, which may adversely affect our business, financial performance and prospects; and

(f) We are dependent on our major customers which accounted for 88.2%, 95.9% and 99.9% of our total revenue for FYE 2020 to 2022 respectively. In FYE 2023, our Group only transacted with 4 customers and sales to these 4 customers made up to 100.0% of our total revenue. This indicates a concentration of our revenue amongst these customers, and a risk of dependency on them. There is no assurance that we will be able to continue retaining these customers, or that the volume of purchases from our major customers will not vary significantly in the future. In the event that there are significant reductions in purchases from our major customers or a complete loss of any of our major customers, our financial performance and results of our operations may be adversely affected.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Tan Sri Alex Chen	Non-Independent Non-Executive Chairman
Tan Sri Eddy Chen	Non-Independent Non-Executive Director
Dato' Lee Khee Meng	Executive Director
Chen Wei Chyong	Executive Director
Yeo Kiat Seng	Non-Independent Non-Executive Director
Leong Sow Yoke	Independent Non-Executive Director
Ong Kim Pin	Independent Non-Executive Director
Tan Hoe Hing	Independent Non-Executive Director
Dr Hasuria Binti Che Omar	Independent Non-Executive Director
Yahya Bin Ariffin	Independent Non-Executive Director
Key senior management	
Tang Hee Teik	General Manager of Industrial and Agricultural Development
Tan Soo Hoon	Group Financial Controller
Keng Ching Tong	Group Company Secretary
Lee Kong Seng	Project Manager

Further details of our Directors and key senior management are set out in Section 5.

2.8 DIVIDEND POLICY

Our Group intends to recommend and distribute a dividend of at least 50% of our annual audited consolidated PAT attributable to the owners of our Company from financial year ending 2024 onwards after taking into account our Group's working capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

During FYE 2020 to 2023 and up to LPD, there were no dividends declared and paid to shareholders of our Company and our subsidiaries.

Further details of our dividend policy are set out in Section 12.18.

2. PROSPECTUS SUMMARY *(Cont'd)*

2.9 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

		[1]Before IPO				[2]After IPO			
	Country of incorporation/	Direct		Indirect		Direct		Indirect	
Name	Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
MKH	Malaysia	293,520,019	36.53	[4][5]382,796,663	47.64	293,520,019	28.68	[4][5]352,088,963	34.40
Tan Sri Alex Chen	Malaysian	39,582	[3]-	[6][8]712,478,057	88.66	39,582	[3]-	[6][8]681,770,357	66.61
Tan Sri Eddy Chen	Malaysian	1,514,692	0.19	[6][9]711,348,248	88.52	1,514,692	0.15	[6][9]680,640,548	66.50
Datuk Chen Fook Wah	Malaysian	23,336	[3]-	[6][10]710,171,157	88.37	23,336	[3]-	[6][10]679,463,457	66.38
Substantial shareholders									
Metro Kajang (Oversea)	Malaysia	344,462,001	42.87	-	-	313,754,301	30.65	-	-
MKH Plantation	Malaysia	38,334,662	4.77	-	-	38,334,662	3.75	-	-
CCSR	Malaysia	8,122,849	1.01	[7][11]701,954,609	87.35	8,122,849	0.79	[7][11]671,246,909	65.58
PT Hikmat[12]	Indonesia	40,180,575	5.00	-	-	40,180,575	3.93	-	-

Notes:

(1) Based on the share capital of 803,590,845 Shares after the Pre-IPO Reorganisation but before our IPO.

(2) Based on the enlarged share capital of 1,023,590,845 Shares after our IPO.

(3) Less than 0.01%.

(4) Deemed interested by virtue of its shareholdings in Metro Kajang (Oversea).

(5) Deemed interested by virtue of its shareholdings in MKH Plantation.

(6) Deemed interested by virtue of his shareholdings in CCSR.

(7) Deemed interested by virtue of its shareholdings in MKH.

(8) Deemed interested by virtue of his shareholdings in Lotus Way and shareholdings held through AllianceGroup Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholdings in MKH. As at LPD, the ultimate beneficial owner of Lotus Way is Tan Sri Alex Chen, holding the entire equity interest in Lotus Way.

(9) Deemed interested by virtue of his shareholdings in AllianceGroup Nominees (Tempatan) Sdn Bhd held through Liberty Alliance (M) Sdn Bhd, which is in turn deemed interested by virtue of its shareholding in MKH. As at LPD, the direct substantial shareholder of Liberty Alliance (M) Sdn Bhd is Tan Sri Eddy Chen (99.99%) where the remaining shareholders are Puan Sri Datin Tan Sou Yee (<0.01%), spouse of Tan Sri Eddy Chen, Chen Wei Jia (<0.01%), Chen Yunn Li (<0.01%) and Chen Yunn Shin (<0.01%), all 3 of them are daughters of Tan Sri Eddy Chen.

(10) Deemed interested by virtue of his shareholdings in Activest and shareholdings held through RHB Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholding in MKH. As at LPD, the ultimate beneficial owner of Activest is Datuk Chen Fook Wah, holding approximately 99.99% equity interest in Activest. The remaining equity interest (<0.01%) in Activest is held by Chen Wei Sern, son of Datuk Chen Fook Wah.

(11) Deemed interested by virtue of its shareholdings held through HLB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd and Amsec Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad).

(12) PT Hikmat will cease to be our substantial shareholder after our IPO.

Further details of our Promoters and substantial shareholders are set out in Section 5.

2.10 UTILISATION OF PROCEEDS

The estimated gross proceeds to be raised from our Public Issue of RM136.4 million shall be utilised in the following manner:

Utilisation of proceeds	**RM'000**	**%**	**[1]Estimated timeframe for utilisation**
Expansion of land banks for oil palm plantation	42,000	30.8	Within 24 months
Capital expenditures for existing plantation lands	10,000	7.3	Within 18 months
Setup of PK crushing facility	9,000	6.6	Within 12 months
Refurbishment and/or upkeep of existing palm oil mill	12,000	8.9	Within 24 months
Capital expenditures for refurbishment and construction of workers/staff housing quarters	10,000	7.3	Within 24 months
Capital expenditures to expand coverage of electricity supply	10,000	7.3	Within 24 months
Repayment of loan due to a related party	30,000	22.0	Within 6 months
Working capital	3,420	2.5	Within 12 months
Estimated listing expenses	9,980	7.3	Immediate
Total	**136,400**	**100.0**	

Note:

(1) From the date of our Listing.

The Offer for Sale is expected to raise gross proceeds of approximately RM19.0 million which will accrue entirely to our Selling Shareholder and is proposed to be utilised for repayment of loans and borrowings of MKH Group and to defray expenses relating to the Offer for Sale. There is no minimum subscription to be raised from our IPO. Detailed information on our utilisation of proceeds is set out in Section 4.9.

2. PROSPECTUS SUMMARY *(Cont'd)*

2.11 FINANCIAL HIGHLIGHTS

2.11.1 Combined statements of comprehensive income

The following table sets out the financial highlights based on our combined statements of comprehensive income for FYE 2020 to 2023:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	282,324	306,611	315,817	337,981
GP	99,533	140,374	129,869	91,976
PAT	18,690	77,452	60,138	31,254
GP margin (%)(1)	35.3	45.8	41.1	27.2
PAT margin (%)(2)	6.6	25.3	19.0	9.2
Basic EPS (sen)(3)	2.3	9.6	7.5	3.9
Diluted EPS (sen)(4)	1.8	7.6	5.9	3.1

Notes:

(1) Calculated based on GP over revenue.

(2) Calculated based on PAT over revenue.

(3) Calculated based on our PAT divided by share capital of 803,590,845 Shares after the Pre-IPO Reorganisation but before our IPO.

(4) Calculated based on our PAT divided by enlarged share capital of 1,023,590,845 Shares after our IPO.

There were no exceptional items during the financial years under review. Our audited combined financial statements for FYE 2020 to 2023 were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

2.11.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the Pre-IPO Reorganisation, Distribution, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma combined statements of financial position as set out in Section 14.

		I	II	III	IV	V	VI
	As at 30 September 2023	**After Share Split**	**After I and Acquisition of PT MKH and Acquisition of PT SPS**	**After II and Capitalisation**	**After III and Distribution**	**After IV and Public Issue**	**After V and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'0000**	**RM'000**	**RM'000**	**RM'000**
ASSETS							
Total non-current assets	283,502	283,502	392,211	392,211	392,211	392,211	476,762
Total current assets	163,723	163,723	152,635	150,808	150,808	287,208	154,228
TOTAL ASSETS	**447,225**	**447,225**	**544,846**	**543,019**	**543,019**	**679,419**	**630,990**
EQUITY AND LIABILITIES							
Share capital	80,468	80,468	161,848	250,815	250,815	387,215	378,474
Reserves	229,840	229,840	193,968	194,402	194,402	194,402	184,714
Equity attributable to the owner of the parent	310,308	310,308	355,816	445,217	445,217	581,617	563,188
Non-controlling interest	17,644	17,644	-	-	-	-	-
TOTAL EQUITY	**327,952**	**327,952**	**355,816**	**445,217**	**445,217**	**581,617**	**563,188**
Total non-current liabilities	23,772	23,772	37,469	34,048	34,048	34,048	34,048
Total current liabilities	95,501	95,501	151,561	63,754	63,754	63,754	33,754
TOTAL LIABILITIES	**119,273**	**119,273**	**189,030**	**97,802**	**97,802**	**97,802**	**67,802**
TOTAL EQUITY AND LIABILITIES	**447,225**	**447,225**	**544,846**	**543,019**	**543,019**	**679,419**	**630,990**
No. of Shares in issue ('000)	110,468	662,808	730,064	803,591	803,591	1,023,591	1,023,591
NA per Share (RM)	2.8	0.5	0.5	0.6	0.6	0.6	0.6
Current ratio (times)	1.7	1.7	1.0	2.4	2.4	4.5	4.6
Total borrowings	71,056	71,056	71,056	2,937	2,937	2,937	2,937
Gearing (times)	0.2	0.2	0.2	[1]-	[1]-	[1]-	[1]-

Note:

[1] Negligible.

3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 SC

The SC had, vide its letter dated 12 July 2023, approved our IPO and Listing under Section 214(1) of the CMSA, subject to compliance with the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	M&A Securities and MKHOP to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of our Listing.	To be complied

In the same letter, the SC had, taken note of our resultant equity structure pursuant to our Listing under the equity requirement for public listed companies ("**Bumiputera Equity Requirement**"). MKHOP can be regarded as a company with predominantly foreign-based operations. Accordingly, our Company is exempted from the Bumiputera Equity Requirement.

Further to the above, the SC had, vide its letter dated 22 January 2024 resolved to grant us an extension of time until 30 April 2024, in accordance with Section 214(1) of the CMSA, to complete the implementation of our Listing.

The Shariah Advisory Council of the SC had, vide its letter dated 26 March 2024, classified our Shares as Shariah-compliant based on our audited combined financial statements for FYE 2023.

3.1.2 Bursa Securities

Bursa Securities had, vide its letter dated 16 November 2023, approved our admission to the Official List of the Main Market and the listing of and quotation for our entire enlarged issued share capital on the Main Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	MKHOP and M&A Securities to make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements; and	To be complied
(b)	MKHOP and M&A Securities to furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public share spread requirements based on the entire issued share capital of MKHOP on the first day of listing.	To be complied

3. APPROVALS AND CONDITIONS *(Cont'd)*

3.2 MORATORIUM ON OUR SHARES

Pursuant to Paragraph 5.29(a), Part II of the Equity Guidelines, our Moratorium Shareholders will not be allowed to sell, transfer or assign their entire shareholdings in our Company for a period of 6 months from the date of our Listing ("**Moratorium Period**").

Details of our Moratorium Shareholders, and their Shares which will be subject to the abovesaid moratorium, are set out below:

	Direct		Indirect	
Moratorium Shareholders	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**
MKH	293,520,019	28.68	(3)(4)352,088,963	34.40
Tan Sri Alex Chen	39,582	(2)-	(5)(6)681,770,357	66.61
Tan Sri Eddy Chen	1,514,692	0.15	(5)(7)680,640,548	66.50
Datuk Chen Fook Wah	23,336	(2)-	(5)(8)679,463,457	66.38
Metro Kajang (Oversea)	313,754,301	30.65	-	-
MKH Plantation	38,334,662	3.74	-	-
CCSR	8,122,849	0.79	(9)(10)671,246,909	65.58
Total	**655,309,441**	**64.02**		

Notes:

(1) Based on our enlarged share capital of 1,023,590,845 Shares after our IPO.

(2) Less than 0.01%.

(3) Deemed interested by virtue of its shareholdings in Metro Kajang (Oversea).

(4) Deemed interested by virtue of its shareholdings in MKH Plantation.

(5) Deemed interested by virtue of his shareholdings in CCSR.

(6) Deemed interested by virtue of his shareholdings in Lotus Way and shareholdings held through AllianceGroup Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholdings in MKH.

(7) Deemed interested by virtue of his shareholdings in AllianceGroup Nominees (Tempatan) Sdn Bhd held through Liberty Alliance (M) Sdn Bhd, which is in turn deemed interested by virtue of its shareholding in MKH.

(8) Deemed interested by virtue of his shareholdings in Activest and shareholdings held through RHB Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholding in MKH.

(9) Deemed interested by virtue of its shareholdings in MKH.

(10) Deemed interested by virtue of its shareholdings held through HLB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd and Amsec Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad).

The moratorium has been fully accepted by our Moratorium Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period, in accordance with the Equity Guidelines.

3. APPROVALS AND CONDITIONS *(Cont'd)*

In addition, pursuant to Paragraph 5.30, Part II of the Equity Guidelines, the following shareholders have given an undertaking to the SC that they will not sell, transfer or assign any of their respective holdings in the Moratorium Shareholders, namely CCSR, Metro Kajang (Oversea) and MKH Plantation, which are not listed entities for 6 months from the date of our Listing:

(a) Tan Sri Alex Chen, Tan Sri Eddy Chen, Datuk Chen Fook Wah and Liew Mee Ling in CCSR; and

(b) MKH in Metro Kajang (Oversea) and MKH Plantation.

The abovementioned moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Moratorium Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions. In compliance with the restrictions, Bursa Depository will, on our Share Registrar's instructions in the prescribed forms, ensure that the trading of these Shares is not permitted during the Moratorium Period.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 29 March 2024 and will remain open until 5.00 p.m. on 16 April 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/Opening of Application	29 March 2024
Closing of Application	16 April 2024
Balloting of Application	19 April 2024
Allotment/Transfer of IPO Shares to successful applicants	26 April 2024
Date of Listing	30 April 2024

In the event there is any change to the indicative timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(a) Distribution

Upon completion of the Pre-IPO Reorganisation, MKH together with Metro Kajang (Oversea) and MKH Plantation collectively hold 758,804,663 MKHOP Shares, representing 94.4% equity interest. Please refer to Section 6.2 for further details on our Pre-IPO Reorganisation.

Subsequently, MKH has distributed 82,487,981 MKHOP Shares representing approximately 10.3% equity interest in our Company to the Entitled Shareholders on the Entitlement Date. The Distribution was not subject to approval from the shareholders of MKH.

Upon completion of the Distribution, the total shareholdings of MKH together with Metro Kajang (Oversea) and MKH Plantation in our Company has reduced to approximately 84.2%. The Distribution did not have an effect on our issued share capital as there was no issuance of new Shares.

(b) Public Issue

A total of 220,000,000 Issue Shares, representing approximately 21.5% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

51,209,800 Issue Shares, representing approximately 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 25,604,900 Issue Shares, representing approximately 2.5% of our enlarged share capital, made available to public investors; and (bb) 25,604,900 Issue Shares, representing approximately 2.5% of our enlarged share capital, made available to Bumiputera public investors.

(ii) Private placement to selected investors

168,790,200 Issue Shares, representing approximately 16.5% of our enlarged share capital, are reserved for private placement to selected investors.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM250.8 million comprising 803,590,845 Shares to RM387.2 million comprising 1,023,590,845 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

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4. DETAILS OF OUR IPO *(Cont'd)*

(c) Offer for Sale

A total of 30,707,700 Offer Shares, representing 3.0% of our enlarged share capital, are offered by our Selling Shareholder to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus. Details of our Selling Shareholder are as follows:

		[1]Before IPO		Offer Shares offered			After IPO	
Name/Address	**Relationship with our Group**	**No. of Shares**	**[2]%**	**No. of Shares**	**[2]%**	**[3]%**	**No. of Shares**	**[3]%**
Metro Kajang (Oversea)/ Suite 1, 5th Floor Wisma MKH Jalan Semenyih 43000 Kajang Selangor	Substantial shareholder	344,462,001	42.9	30,707,700	3.8	3.0	313,754,301	30.7

Notes:

(1) After completion of our Pre-IPO Reorganisation and the Distribution but before our IPO.

(2) Based on our share capital of 803,590,845 Shares before our IPO.

(3) Based on our enlarged share capital of 1,023,590,845 Shares after our IPO.

Further details of our Selling Shareholder, who is also our substantial shareholder can be found in Section 5.1.2(c).

(d) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM387.2 million comprising 1,023,590,845 Shares shall be listed on the Main Market.

4. DETAILS OF OUR IPO *(Cont'd)*

In summary, our IPO Shares will be allocated subject to the clawback and reallocation provisions as set out in Section 4.3.2 in the following manner:

	Public Issue		Offer for Sale		Total	
Categories	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(1)]%**
(i) Malaysian Public via balloting						
- Bumiputera	25,604,900	2.5	-	-	25,604,900	2.5
- Non-Bumiputera	25,604,900	2.5	-	-	25,604,900	2.5
(ii) Selected investors via private placement	168,790,200	16.5	30,707,700	3.0	199,497,900	19.5
Total	**220,000,000**	**21.5**	**30,707,700**	**3.0**	**250,707,700**	**24.5**

Note:

(1) Based on our enlarged share capital of 1,023,590,845 Shares after our IPO.

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4.3.2 Placement and underwriting arrangements

Our Joint Underwriters will underwrite 51,209,800 Issue Shares made available for application by the Malaysian Public. The balance 168,790,200 Issue Shares and 30,707,700 Offer Shares available for application by selected investors will not be underwritten and will be placed out by our Joint Placement Agents.

Our IPO Shares shall be subject to the clawback and reallocation provisions where any IPO Shares which are not subscribed by the Malaysian Public will be made available to selected investors via private placement. In the event of under-subscription of the IPO Shares made available to selected investors via private placement and subject to the corresponding over-subscription by the Malaysian Public, the remaining portion will be clawed-back and placed to the Malaysian Public.

Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Joint Underwriters based on the terms of the Underwriting Agreement. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

4.3.3 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a fair and equitable manner approved by our Directors.

Under the Listing Requirements, a minimum of 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 1,000 public shareholders, each holding not less than 100 Shares upon our admission to the Main Market. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the Main Market.

In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly. Please refer to Section 9.3.2 for further details in the event there is a delay in or cancellation of our Listing.

As at LPD, to the best of our knowledge and belief:

(a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for our IPO Shares; and

(b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of our IPO Shares.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	803,590,845	250,815,243
To be issued under our Public Issue	220,000,000	136,400,000
Enlarged share capital upon our Listing	**1,023,590,845**	**387,215,243**

Our Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we only have one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

(a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;

(b) To gain recognition through our listing status to enhance our reputation and to attract new and skilled employees particularly in the oil palm plantation industry;

(c) To provide an opportunity for the Malaysian Public to participate in our equity; and

(d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and our Adviser, Joint Underwriters and Joint Placement Agents, after taking into consideration the following factors:

(a) Our pro forma NA per Share of RM0.55, calculated based on our pro forma NA after our IPO and utilisation of proceeds as at 30 September 2023 of approximately RM563.2 million and enlarged share capital of 1,023,590,845 Shares upon Listing;

(b) The PE Multiple of our IPO Price of approximately 20.3 times based on our EPS of approximately 3.05 sen for FYE 2023, calculated based on our PAT of RM31.3 million for FYE 2023 and our enlarged share capital of 1,023,590,845 Shares upon Listing;

(c) Our historical financial track record as follows:

	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	282,324	306,611	315,817	337,981
GP	99,533	140,374	129,869	91,976
PAT	18,690	77,452	60,138	31,254

(d) Our competitive strengths as set out in Section 7.14; and

(e) Our business strategies and future plans as set out in Section 7.15.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 1,023,590,845 Shares upon Listing, our total market capitalisation will be RM634.6 million.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.62
Pro forma NA per Share as at 30 September 2023 after our Pre-IPO Reorganisation but before our IPO	0.55
Pro forma NA per Share as at 30 September 2023 after our Pre-IPO Reorganisation, IPO and utilisation of proceeds	0.55
Increase in pro forma NA per Share attributable to existing shareholders	-
Dilution in pro forma NA per Share to our new public investors	0.07
Dilution in pro forma NA per Share as a percentage of our IPO Price	11.3%

Further details of our pro forma NA per Share as at 30 September 2023 is set out in Section 14.

In addition to the above, it should be noted that our IPO Price also represents a discount of approximately 48.8% to the issue price for the Acquisition of PT MKH and Acquisition of PT SPS of RM1.21 per Share. The said issue price of RM1.21 per Share was derived based on the revalued NA per Share after accounting for the revaluation of our Group's plantation assets, with a discount of approximately 10.8%. Further details are set out in Section 6.2. For illustrative purposes, based on the issue price of RM1.21 per Share for the Acquisition of PT MKH and Acquisition of PT SPS, the pro forma NA per Share as at 30 September 2023 is RM0.55, after accounting for our Pre-IPO Reorganisation, IPO and utilisation of proceeds. This pro forma NA per Share of RM0.55 represents a dilution (as a percentage of the said issue price of RM1.21) of approximately 54.5%. On the contrary, our IPO Price was determined based on a combination of factors as set out in Section 4.6, which include other considerations such as the earnings of our Group.

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4. DETAILS OF OUR IPO *(Cont'd)*

Save as disclosed below, there is no substantial disparity between our IPO Price and the effective cash cost of our Shares acquired by our Promoters, substantial shareholders, Directors, key senior management or persons connected with them in any transaction from the date of our incorporation up to the date of this Prospectus:

Promoters and/or substantial shareholders	[1]No. of Shares received	[2]Total consideration	Average effective cost per Share
		RM	RM
MKH	293,520,019	62,668,000	0.21
CCSR	8,122,849	5,036,166	0.62
Tan Sri Alex Chen	39,582	24,540	0.62
Tan Sri Eddy Chen	1,514,692	939,109	0.62
Datuk Chen Fook Wah	23,336	14,468	0.62
Metro Kajang (Oversea)	344,462,001	117,571,022	0.34
MKH Plantation	38,334,662	46,384,942	1.21
Ivakijaya	4,605,607	5,572,784	1.21
PT Hikmat	40,180,575	48,618,495	1.21
Total	**730,803,323**	**286,829,526**	

Notes:

(1) The number of Shares issued to them pursuant to the Pre-IPO Reorganisation and Distribution which were undertaken prior to our IPO are as follows:

	Before Pre-IPO Reorganisation	Pre-IPO Reorganisation: Share Split	Pre-IPO Reorganisation: Acquisition of PT MKH	Pre-IPO Reorganisation: Acquisition of PT SPS	Pre-IPO Reorganisation: Capitalisation	Distribution	Total
	No. of Shares						
MKH	62,668,000	313,340,000	-	-	-	(82,487,981)	293,520,019
CCSR	-	-	-	-	-	8,122,849	8,122,849
Tan Sri Alex Chen	-	-	-	-	-	39,582	39,582
Tan Sri Eddy Chen	-	-	-	-	-	1,514,692	1,514,692
Datuk Chen Fook Wah	-	-	-	-	-	23,336	23,336

4. DETAILS OF OUR IPO *(Cont'd)*

	Before Pre-IPO Reorganisation	Pre-IPO Reorganisation: Share Split	Pre-IPO Reorganisation: Acquisition of PT MKH	Pre-IPO Reorganisation: Acquisition of PT SPS	Pre-IPO Reorganisation: Capitalisation	Distribution	Total
	No. of Shares						
Metro Kajang (Oversea)	47,800,000	239,000,000	5,198,686	-	52,463,315	-	344,462,001
MKH Plantation	-	-	-	17,271,026	21,063,636	-	38,334,662
Ivakijaya	-	-	-	4,605,607	-	-	4,605,607
PT Hikmat	-	-	39,029,173	1,151,402	-	-	40,180,575

(2) The considerations for Shares issued to them pursuant to the Pre-IPO Reorganisation and the Distribution which were undertaken prior to our IPO are as follows:

	Before Pre-IPO Reorganisation	Pre-IPO Reorganisation: Share Split	Pre-IPO Reorganisation: Acquisition of PT MKH	Pre-IPO Reorganisation: Acquisition of PT SPS	Pre-IPO Reorganisation: Capitalisation	Distribution	Total
	RM						
MKH	62,668,000	-	-	-	-	-	62,668,000
CCSR	-	-	-	-	-	5,036,166	5,036,166
Tan Sri Alex Chen	-	-	-	-	-	24,540	24,540
Tan Sri Eddy Chen	-	-	-	-	-	939,109	939,109
Datuk Chen Fook Wah	-	-	-	-	-	14,468	14,468
Metro Kajang (Oversea)	47,800,000	-	6,290,410	-	63,480,612	-	117,571,022
MKH Plantation	-	-	-	20,897,942	25,487,000	-	46,384,942
Ivakijaya	-	-	-	5,572,784	-	-	5,572,784
PT Hikmat	-	-	47,225,299	1,393,196	-	-	48,618,495

4.9 UTILISATION OF PROCEEDS

4.9.1 Public Issue

The estimated gross proceeds from our Public Issue of RM136.4 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	[(1)]Estimated timeframe for utilisation
Expansion of land banks for oil palm plantation	(a)	42,000	30.8	Within 24 months
Capital expenditures for existing plantation lands	(b)	10,000	7.3	Within 18 months
Setup of PK crushing facility	(c)	9,000	6.6	Within 12 months
Refurbishment and/or upkeep of existing palm oil mill	(d)	12,000	8.9	Within 24 months
Capital expenditures for refurbishment and construction of workers/staff housing quarters	(e)	10,000	7.3	Within 24 months
Capital expenditures to expand coverage of electricity supply	(f)	10,000	7.3	Within 24 months
Repayment of loan due to a related party	(g)	30,000	22.0	Within 6 months
Working capital	(h)	3,420	2.5	Within 12 months
Estimated listing expenses	(i)	9,980	7.3	Immediate
Total		**136,400**	**100.0**	

Note:

(1) From the date of our Listing.

Any variations from the amounts budgeted above shall be adjusted towards the proceeds allocated for items (a) and (c) in the following manner:

(i) Any excess amount from our Public Issue unutilised for any planned utilisation above shall firstly be reallocated to the planned utilisation under item (a), if required; and

(ii) After (i) above, any remaining unutilised proceeds will then be reallocated to planned utilisation under item (c), if required.

Where there are any remaining surplus to the earmarked amount for the planned utilisation above, such surplus will be used as our general working capital. For avoidance of doubt, any shortfall of the planned utilisation above will be funded via bank borrowings and/or internally generated funds. Upon completion of our Listing, where applicable and required under the Listing Requirements, we will seek our shareholders' approval for any material variation to the intended utilisation of proceeds.

Pending the deployment of the proceeds to be raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

(a) Expansion of land banks for oil palm plantation

As at LPD, we own 2 oil palm plantation estates, 1 palm oil mill and 1 jetty in East Kalimantan, Indonesia. We intend to grow our oil palm plantation business by expanding our oil palm plantation estates. As such, we plan to acquire additional land located in close proximity to our current oil palm plantation estates in Kutai Kartanegara, East Kalimantan for better coordination of operational and logistics management.

We have allocated RM42.0 million of the proceeds to fully fund the following expansion of our oil palm plantation estates as well as for oil palm planting activities on the new land banks:

Description	**RM'000**
Acquisition of plantation land banks	20,000
Planting activities on the new land banks[(1)]	22,000
Total estimated cost of expansion of land banks	**42,000**

Note:

(1) Details of the estimated cost for planting activities on the new land banks are as follows:

Description	**Estimated cost RM'000**
Land clearing and tillage	15,500
Cultivation and field planting of oil palm seedlings	6,500
	22,000

As at LPD, our Group's 2 oil palm plantation estates have a total land area of 18,205.3 Ha, comprising planted area of 17,008.8 Ha, of which 100.0% is mature as detailed in Section 7.2.1, and unplanted area of 1,196.5 Ha. The unplanted area mainly consists of palm oil mill, management office, housing, nursery, roads, drains and canals. Further, all of our Group's planted oil palm are in young mature phase (age profile of 4 to 9 years) that will soon be entering peak production and prime mature phase (age profile of 10 to 16 years) that are in their peak production years. As such, replanting activities are not expected to be undertaken on the said land in near term as most of our existing oil palms will remain in peak production in near term.

As at LPD, we have identified company(ies) with potential land banks for oil palm plantation in the sub-district of Muara Kaman, Kutai Kartanegara, East Kalimantan. The estimated land area is approximately 5,000.0 Ha with an estimated area for planting of approximately 4,000.0 to 4,500.0 Ha. Subject to the successful negotiation and feasibility study to the satisfaction of our Group, the expected timeline for such acquisition is 2nd quarter of 2024. As at LPD, we are in the midst of finalising the negotiation to appoint an independent expert to conduct the said feasibility study such as climate, humidity and soil condition on the potential land banks for oil palm plantation. For clarity, the potential land banks comprise mainly unplanted lands where approximately 3.0% of the land area are planted with oil palms (average age of 2 years) by the local farmers, of which we will take over in the event that the above proposed acquisition materialises. Upon completion of the acquisition, we will commence planting of oil palms on the entire area for planting immediately, and we expect to harvest FFB after 2.5 years from the date of field planting. We also plan to set up a new palm oil mill within the new plantation estates to process the FFB harvested from the new plantation estates. As at LPD, the details on the setup of the new palm oil mill are not available as it is subject to the location and the actual planted area of the plantation land to be acquired.

Based on the estimated area for planting of 4,500.0 Ha, we expect to harvest additional FFB in the plantation land after 2.5 years from the date of field planting, details of which are as follows:

	Immature	**Young mature**	**Prime mature**
	Year 2.5 to 3	**Year 4 to 9**	**Year 10 to 20**
Average FFB to be harvested per year (MT)	27,000	100,500	120,273

In the event that the above proposed acquisition materialises, we may recruit approximately 400 additional general workers with an estimated monthly salary totalling approximately RM0.4 million (to be funded internally) to carry out the planting activities at the plantation land. For avoidance of doubt, the plantation land to be acquired will be either part of the Plasma Programme where at least 20.0% of the total area will be developed for the local cooperative under the Plasma Programme for our Group to manage or in any other form or arrangement (such as a profit sharing scheme) as stipulated under the regulatory framework for plantation business licensing governed by the President of Indonesia Decree. The profit sharing scheme is based on an agreed sharing ratio of income or profit between our Group and the local farmers after taking into account the product selling price, production cost and the needs of the farm household. Under the profit sharing scheme and subject to further discussion with the local farmers, a cooperative will be formed by the local farmers as a forum to enter into a cooperation agreement with our Group where the local farmers will hand over their plantation land to our Group for development and management and our Group's obligations include, amongst others, maintenance of oil palm plantation, harvesting and marketing of FFB, provision of administrative, management and technical training for employees and the community in surrounding villages. As at LPD, our Group has not participated in the Plasma Programme or established any profit sharing scheme arrangement with the local farmers relating to the aforementioned plantation land.

In the event the above proposed acquisition does not materialise, we will continue to source for other plantation land which may be an empty land with no oil palms planted, or a plantation land which has been partially or fully planted with oil palms. The exact location and size of the plantation land are subject to changes depending on the price and availability. Once the details of acquisition are decided, we will acquire the company that owns the land to establish our third oil palm plantation estate on the land. If it is an empty land with no oil palms planted, we will begin the land preparation and planting of oil palms immediately after the acquisition and procurement of all the relevant business licences and permits; if it is a land which has been partially planted with oil palms, we will continue with the land preparation and planting of oil palms on the remaining parts of the land immediately after the acquisition and procurement of all the relevant business licences and permits; and if it is a land which has been fully planted with oil palms, we will continue to upkeep the oil palms.

We anticipate to complete the land acquisition within 24 months from the date of our Listing, and followed by land preparation and planting of oil palms immediately after the acquisition.

We intend to utilise a total of RM42.0 million from the proceeds to be raised from our Public Issue to fully fund the acquisition of the plantation land or the company that owns the plantation land, as well as planting and upkeeping of oil palms. If the actual cost of the above planned utilisation exceeds the earmarked amount, the shortfall will be funded through bank borrowings and/or internally generated funds.

Please refer to Section 7.15.1 for details of our Group's expansion of land banks for oil palm plantation.

(b) Capital expenditures for existing plantation lands

We have allocated RM10.0 million to purchase additional machinery and equipment for our FFB harvesting as well as spare parts for our machinery and equipment, as follows:

Description	Function	No. of unit	Total estimated cost
			RM'000
Spare parts	Replacement parts for our harvesting machinery and equipment		
- Undercarriage	Replacement parts for excavators[1]	8	1,486
- Main pump		8	686
- Engine		8	1,828
Crawler dumpers	For heavy duty FFB transportation from field to collection points	50	3,900
Farm ATVs	To collect FFB from fields to collection points	65	1,300
Trailers (attached to trucks)	To collect FFB from collection points to palm oil mill	30	800
			10,000

Note:

(1) As at LPD, our harvesting machinery and equipment that require replacement are 8 units of excavators.

The machinery and equipment that we intend to purchase for FFB harvesting will be used to enhance the efficiency and mechanisation of our FFB harvesting activities, as we will be able to reduce manual transportation of FFB from the field to collection points, and increase the frequency of FFB transportation from collection points to our existing palm oil mill, while using less human resources.

Crawler dumper

Farm ATV

Trailer (attached to trucks)

As part of our practice, we have implemented continuous monitoring of our harvesting machinery and equipment and performed maintenance and replacement of spare parts for our harvesting machinery and equipment based on consideration factors including, amongst others, the wear and tear conditions of our harvesting machinery and equipment.

The total estimated cost of purchasing these new machinery and equipment and spare parts is estimated to be RM10.0 million, which will be fully funded from the proceeds to be raised from our Public Issue.

The estimated cost for the purchase of additional machinery and equipment was derived based on suppliers' quotations. These machinery and equipment and spare parts will mostly be sourced via local suppliers in Indonesia. Please refer to Section 7.15.2 for the details of the key machinery and equipment as well as spare parts for our FFB harvesting that we intended to purchase.

(c) Setup of PK crushing facility

We have allocated RM9.0 million to set up a PK crushing facility adjacent to our existing palm oil mill, with a processing capacity of 90MT PK per day, to crush and press PK for extraction and processing into CPKO and PKE, a by-product of CPKO from the crushing of PK. The setup of PK crushing facility includes construction of PK crushing facility within our existing palm oil mill, purchase and installation of machinery and equipment as well as 2 CPKO storage tanks with a total capacity of 2,500MT. The expected output of CPKO and PKE from the PK crushing facility are approximately 40MT CPKO per day and 45MT PKE per day, respectively.

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The total estimated setup cost of the PK crushing facility is approximately RM14.0 million, of which RM9.0 million will be funded from the proceeds to be raised from our Public Issue, with RM3.0 million allocated for the construction of PK crushing facility and RM6.0 million allocated for the purchase and installation of machinery and equipment and CPKO storage tanks. The remaining RM5.0 million will be funded through bank borrowings and/or internally generated funds. The total estimated cost for setup of PK crushing facility are as follows:

(i) Construction of PK crushing facility

Description	Total estimated cost	Commencement date	Completion date
	RM'000		
Construction works			
- Building and internal infrastructure works	1,000	April 2023	February 2024
- Mechanical and electrical works	2,000	August 2023	February 2024
	3,000		

(ii) Purchase and installation of machinery and equipment

Description	No. of unit	Total estimated cost	Function
		RM'000	
Purchase and installation of machinery and equipment			
- PK crushing machine	1	5,300	To crack the shell of PK
- Kernel bunker	2	1,500	To be used as temporary storage for PK
- CPKO pipeline	1	400	To deliver CPKO from oil buffer tank to storage tank
- Electrical works	1	1,100	To integrate the electrical power supply for machinery and equipment to be installed
Purchase and installation of CPKO storage tanks	2	2,700	To store CPKO
		11,000	

As at LPD, the setup of the PK crushing facility have commenced and completed, of which we have utilised internally generated funds to finance the said setup. Upon receipt of proceeds to be raised from our Public Issue, we will use the proceeds allocated to replenish our internally generated funds.

The setup of PK crushing facility forms part of our Group's business strategy to increase our revenue streams by expanding our processing capabilities and product offerings to produce CPKO and PKE (a by-product of CPKO from the crushing of PK) for sale to external customers, using PK extracted from our Group's FFB which is currently being sold to our external customers and/or PK purchased from third parties.

The PK crushing facility will be operated and managed by our existing palm oil mill team, which is led by a project manager that is familiar with both process of crushing PK and palm oil milling process. If the need arises, we will recruit additional skilled and competent personnel with relevant knowledge and expertise to enhance our PK crushing facility operations. We expect to commence operations of the PK crushing facility by 2nd quarter of 2024.

PK crushing machine

Kernel bunker

CPKO storage tanks

The setup of the PK crushing facility requires the Building Approval *(Persetujuan Bangunan Gedung)*, a permit granted by the local authority or central government to building owners to build, change, expand, reduce, and/or maintain buildings in accordance with applicable building technical standards. The application for Building Approval, which was submitted via Building Management Information System on 26 May 2023, has been verified by the said system on 29 May 2023. Our Group has subsequently in early June 2023 had a consultation with the officer of Ministry of Public Works and Housing *(Kementerian Pekerjaan Umum dan Perumahan Rakyat)* and we have obtained the Building Approval from the local authority on 4 August 2023. In addition, upon completion of the setup of the PK crushing facility, we are required to obtain the Feasibility Certificate *(Sertifikat Laik Fungsi)* from the Investment Office of One-Door Integrated Services Kutai Kartanegara Regency, a certificate for buildings that have been completed and have met the technical feasibility requirements according to the building function. We expect to obtain the Feasibility Certificate by 2nd quarter of 2024, and commence the operations of the PK crushing facility by 2nd quarter of 2024. Please refer to Section 7.15.3 for the further details on the setup of PK crushing facility.

(d) Refurbishment and/or upkeep of existing palm oil mill

We have allocated RM12.0 million to purchase new machinery and equipment to replace and upgrade some of the existing machinery and equipment in our existing palm oil mill. This is expected to enhance the efficiency of our palm oil milling activities and further improve our Group's OER.

The key machinery and equipment for our palm oil milling activities as well as spare parts for our machinery and equipment that we intend to purchase are as follows:

Description	Function	No. of unit	Total estimated cost
			RM'000
FFB cages	To carry FFB for sterilisation process	20	2,000
Fuel storage and conveyor system	To store and transport fuel (i.e. mesocarp fibre and PK shells) for burning in boilers	1	1,500
Kernel silo	To store polished palm nuts for drying to remove moisture content	2	1,400
EFB shredders	To shred EFB	4	1,120
Others(1)	Spare parts for the machinery and equipment for palm oil milling activities	-	5,980
			12,000

Note:

(1) Comprises 10 units of machinery and equipment such as EFB pressing machines and hydrocyclone, all of which are below RM0.3 million per unit, as well as 50 units of various spare parts such as vacuum dryer pump, oil transfer pump, purifier, nut polishing drum, column system and decanter.

The machinery and equipment that we intend to purchase for palm oil milling activities will be used to replace and upgrade some of the existing machinery and equipment in our existing palm oil mill, and the spare parts that we intend to purchase will be used in the maintenance of our existing machinery and equipment for palm oil milling activities to upkeep the efficiency of our palm oil milling activities and further improve our OER from 20.6% (FYE 2023) to approximately 22.0%, which is expected to improve the financial performance of our Group. The expected improvement in OER is also due to the intended purchase of additional EFB shredders and EFB pressing machines which will increase the oil recovered from EFB during the oil recovery process, for mixing with our CPO. Please refer to Section 7.4.2 for details of the EFB pressing and oil recovery process. For avoidance of doubt, the purchase of these machinery and equipment would not affect the efficiency of PK extraction, and the KER would not be affected.

We continuously conduct inspection and maintenance of our machinery and equipment in each processing station for our palm oil milling activities and undertake certain repair works and replacement of parts and components to extend their lifespans. The said machinery and equipment as well as spare parts that are intended to be purchased are part of our replacement and upgrading plan at our existing palm oil mill based on consideration factors including, amongst others, the actual usage and conditions of our machinery and equipment, to ensure safety and smooth operating condition for our palm oil milling activities. Any faulty machinery and equipment in our palm oil mill will be replaced after the said inspection.

The total estimated cost of purchasing these new machinery and equipment is estimated to be RM12.0 million, which will be fully funded from the proceeds to be raised from our Public Issue. These machinery and equipment and spare parts will mostly be sourced via local suppliers in Indonesia. If the actual cost of the above planned utilisation exceeds the earmarked amount, the shortfall will be funded through bank borrowings and/or internally generated funds.

The estimated cost for the purchase of new machinery and equipment was derived based on suppliers' quotations. Please refer to Section 7.15.2 for the details on the refurbishment and/or upkeep of our existing palm oil mill.

(e) Capital expenditures for refurbishment and construction of workers/staff housing quarters

We have allocated RM10.0 million for the construction of new staff quarters and refurbishment of existing staff quarters.

We have existing staff quarters constructed in our plantation estates to house our workers (including harvesters, plantation workers and support personnel) and their family members. The existing staff quarters are houses constructed fully by wood. Thus, we intend to refurbish our existing staff quarters to enhance the living conditions of our workers and their family members as part of our continuous accommodation upgrading initiative.

As at LPD, our existing staff quarters comprise 383 blocks (2,618 units) of wooden houses and are fully occupied. We plan to progressively construct 59 blocks (289 units) of new houses using a combination of bricks, concrete and wood which are safer and less exposed to hazards.

The total estimated cost for the refurbishment and construction of our existing staff quarters and construction new staff quarters are as follows:

Description	No. of unit	Total estimated cost	Commencement date	Estimated timing for completion
		RM'000		
Refurbishment of existing staff quarters	2,618	3,887	October 2023	4th quarter of 2024
Construction of new staff quarters	289	6,113	October 2023	3rd quarter of 2024
		10,000		

If the actual cost of the above planned utilisation exceeds the earmarked amount, the shortfall will be funded through bank borrowings and/or internally generated funds.

(f) Capital expenditures to expand coverage of electricity supply

As at LPD, we use some of our by-products from palm oil milling, namely PK shells and mesocarp fibre, as fuel for the boilers at our palm oil mill to produce steam for electricity generation by turbines. The electricity generated is used to power our palm oil mill, as well as for some domestic consumption in the central region of our plantation estates namely for staff quarters, offices, school, clinic and street lightings.

Although the turbines located in central region of our plantation estates have the capacity to generate electricity to power our Group's facilities in other regions of our plantation estates, there is no infrastructure to transmit the electricity generated by the turbines to these regions as at LPD. As such, our Group's facilities in other regions of our plantation estates are currently powered by electricity generated through diesel generators, which incur diesel fuel cost.

As such, we have allocated RM10.0 million to build the required infrastructure for transmission of electricity from our turbines to other regions of our plantation estates. This will involve the construction of 8 mini electrical substations and the purchase and installation of electrical components such as power cables, step-up and step-down transformers, and other electrical accessories. We intend to engage a third party solution provider to carry out these works. With our expanded electricity supply system in place, we expect to reduce the diesel fuel cost used by the generators in other regions of our plantation estates of approximately RM3.8 million, RM4.6 million, RM8.6 million and RM11.4 million in FYE 2020 to 2023, which represented 2.1%, 2.8%, 4.6% and 4.6% of our total cost of sales, respectively. This will promote self-sustainability and enhance our reputation as we place emphasis on environmental governance and responsibility.

The total estimated cost to build the required infrastructure for transmission of electricity are as follows:

(i) Construction of mini electrical substations

Description	**Total estimated cost**	**Estimated timing for commencement**	**Estimated timing for completion**
	RM'000		
Installation, testing and commissioning works	1,765	2nd quarter of 2024	3rd quarter of 2025
Construction works and fencing works for transformer shed	76	2nd quarter of 2024	3rd quarter of 2025
Electrical works (i.e. mobilisation, laying and jointing works) for power supply from the turbines at our palm oil mill	237	2nd quarter of 2024	4th quarter of 2024
	2,078		

(ii) Purchase and installation of electrical components

Description	**No. of unit**	**Total estimated cost**	**Function**
		RM'000	
Power cables	20,000 meters	7,077	For overhead distribution network
Step-up and step-down transformers	7	234	To convert high voltage alternating current into low voltage alternating current for power transmission
Cables for step-up transformers	600 meters	281	To connect power source to input terminals of step-up transformers
Other electrical accessories	1,208	330	To support the power distribution
		7,922	

If the actual cost of the above planned utilisation exceeds the earmarked amount, the shortfall will be funded through bank borrowings and/or internally generated funds.

(g) Repayment of loan due to a related party

As at LPD, the outstanding loan owing by us to the related party namely, MKH Plantation amounted to RM30.0 million. The loan was extended to our Group mainly to finance the development of PT SPS' oil palm plantation. RM89.0 million of the loan has been capitalised by our Company into new Shares under the Capitalisation as set out in Section 6.2.4, and we have allocated RM30.0 million from the proceeds from our Public Issue to repay the balance outstanding loan to MKH Plantation, of which the loan is interest free and repayable on demand.

Upon such repayment, there will be no outstanding loan owing by us to any related party. Such repayment of outstanding loan to MKH Plantation coupled with the Capitalisation will improve our Group's current ratio and net current position (net current liabilities position as at FYE 2023) as well as gearing level (pro forma effects as set out in Section 14). Further, our Group's operations will be carried out independently and able to sustain without any financial assistance from MKH Group after our Listing.

(h) Working capital

We have allocated RM3.4 million towards the working capital for existing staff costs which comprises salaries, bonuses, allowances, statutory social contributions, employees' provident fund contributions and employment benefit obligations.

For FYE 2020 to 2023, the staff costs represent approximately 31.6%, 28.3%, 29.6% and 27.4% of our total administrative expenses respectively.

(i) Estimated listing expenses

An amount of RM10.0 million is allocated to meet the estimated expenses of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	**RM'000**
Professional fees[(1)]	4,750
Underwriting, placement and brokerage fees	4,000
Fees payable to authorities	565
Printing and contingencies[(2)]	665
	9,980

Notes:

(1) Includes advisory/professional fees for, amongst others, our Adviser, solicitors, reporting accountants, IMR, Independent Valuer and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM19.0 million which will accrue entirely to our Selling Shareholder and is proposed to be utilised for repayment of loans and borrowings of MKH Group and to defray expenses relating to the Offer for Sale. We will not receive any of the proceeds relating to the Offer for Sale.

The Selling Shareholder shall bear all of the expenses including placement fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.5 million.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or Issuing House.

4.10.2 Placement fees

Our Joint Placement Agents will place out a total of 168,790,200 Issue Shares and 30,707,700 Offer Shares to selected investors.

We will pay our Joint Placements Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Joint Placement Agents.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Joint Placement Agents will be paid by our Selling Shareholder.

4.10.3 Underwriting commission

Our Joint Underwriters have agreed to underwrite 51,209,800 Issue Shares made available for application by the Malaysian Public. We will pay our Joint Underwriters an underwriting commission of 2.5% of our IPO Price multiplied by the number of Issue Shares underwritten in accordance with the terms of the Underwriting Agreement.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with our Joint Underwriters, M&A Securities and Kenanga IB, to underwrite 51,209,800 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.2.

The salient terms in the Underwriting Agreement are as follows:

(i) the obligation of the Joint Underwriters to underwrite the Underwritten Shares is conditional on certain condition precedents being satisfied or fulfilled, which includes, among others:

   (a) all necessary approvals remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after our IPO has been completed) have been complied with;

   (b) the Joint Underwriters being satisfied that our Company will, following completion of our IPO, be admitted to the Official List of Bursa Securities and its enlarged issued share capital listed and quoted on the Main Market no later than three (3) months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;

(c) there being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the closing date (being the last date for acceptance, application for and payment of subscription monies in respect of the application for our IPO Shares in accordance with the Prospectus, which shall not be more than 3 months from the date of the Underwriting Agreement) ("**Closing Date**") which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings in the Underwriting Agreement untrue or inaccurate;

(d) there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;

(e) there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of the Joint Underwriters; and

(f) there having been, as at Closing Date, no registration or lodgement of any amendment, supplement, or replacement to the Prospectus with the SC or the ROC without the prior written approval of the Joint Underwriters.

(ii) the Joint Underwriters may terminate the Underwriting Agreement and withdraw its underwriting commitment upon the occurrence of any of the following:

(a) there is any breach by our Company of any of our representations, warranties or undertakings in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or

(b) there is failure on the part of our Company to perform any of our obligations contained in the Underwriting Agreement and such failure is not rectified by our Company within three (3) Market Days from our Company's receipt of the Joint Underwriters' written notice requesting rectification of such non-performance, or such longer period to be mutually agreed by the Joint Underwriters and our Company; or

(c) there is withholding of information from the Joint Underwriters which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Joint Underwriters, would have or can reasonably be expected to have, a Material Adverse Effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of the Shares issued or offered under our IPO; or

(d) there shall have occurred, or happened any Material Adverse Effect on the business or financial condition of our Company or our Group due to or arising from our Company's wilful default, negligence, fraud and/or omission; or

(e) any of the resolutions or approvals in the Underwriting Agreement is revoked, suspended or ceased to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a Material Adverse Effect; or

(f) any commencement of legal proceedings or action against any member of our Group or any of their directors, which in the opinion of the Joint Underwriters, would have or is reasonably likely to have a Material Adverse Effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer the Shares; or

(g) any one of the Prospectus and the Application Forms (i) having terminated or rescinded in accordance with its terms; (ii) ceased to have any effects whatsoever, or (iii) varies or supplemented upon terms and such variation or supplementation would have or likely to have a Material Adverse Effect; or

(h) any material statements contained in the Prospectus and the Application Forms has become or been discovered to be untrue, inaccurate or misleading in any respect, or matters have arisen or have been discovered which would, if any of the Prospectus and the Application Forms were to be issued at that time, constitute a material omission therefrom as of LPD of the Prospectus and the Application Forms; or

(i) there shall have occurred, or happened any Material Adverse Effect on the business or financial condition of our Company or our Group which is not attributable to our Company and/or our Group; or

(j) the closing date of the application of our IPO Shares does not occur within three (3) months from the date of the Underwriting Agreement, subject to the extension of Closing Date which is approved by the Joint Underwriters; or

(k) our Listing does not take place by 15 May 2024 or such other extended date as may be agreed in writing by the Joint Underwriters; or

(l) the occurrence of any *force majeure* event including, but not limited to any event or series of events beyond the reasonable control of the Joint Underwriters including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic or accidents which has or is likely to have the effect of making any part of the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of the Underwritten Shares; or

(m) any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would materially prejudice our IPO; or

(n) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have Material Adverse Effect on our Company or our Group and/or materially prejudice the business or the operations of our Company or our Group, the success of our IPO or our Listing or the conditions generally or which has or is likely to have the effect of making the Underwriting Agreement incapable of performance in accordance with its terms; or

(o) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise; or

(p) any material adverse change in financial conditions to include stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean the FTSE Bursa Malaysia KLCI ("**Index**") has dropped 15% between the Index level on the date of the Underwriting Agreement and the Closing Date (both dates inclusive) at any point in time during the date of the Underwriting Agreement date and the Closing Date; or

(q) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business, operations and/or financial position or prospects of our Group or the success of our IPO; or

(r) in the event that our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Joint Underwriters; or

(s) the Public Issue is stopped or delayed by our Company or any regulatory authorities for any reason whatsoever (unless such delay has been approved by the Joint Underwriters),

which, in the reasonable opinion of the Joint Underwriters, would have or can reasonably be expected to have, a Material Adverse Effect on, and/or prejudice the business or the operations of our Group, the success of our IPO, or our Listing or market conditions generally or which has or is likely to have the effect of making any part of the Underwriting Agreement incapable of performance in accordance with its terms.

For avoidance of doubt, Material Adverse Effect shall mean any material adverse effect, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following:

(a) the condition (financial or otherwise), contractual commitments, general affairs, management, business, assets, liquidity, liabilities, prospects, earnings, shareholders' equity, business undertakings, properties or results of operations of our Company and/or our Group;

(b) the ability of our Company and/or Selling Shareholder to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by the Prospectus, any agreements between our Company and our Joint Underwriters, including the Underwriting Agreement;

(c) the ability of our Company and/or our Group to conduct our businesses as described in this Prospectus; or

(d) our IPO.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the Main Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

	Country of incorporation/	[1]Before IPO				[2]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
MKH	Malaysia	293,520,019	36.53	[4][5]382,796,663	47.64	293,520,019	28.68	[4][5]352,088,963	34.40
Tan Sri Alex Chen	Malaysian	39,582	[3]-	[6][8]712,478,057	88.66	39,582	[3]-	[6][8]681,770,357	66.61
Tan Sri Eddy Chen	Malaysian	1,514,692	0.19	[6][9]711,348,248	88.52	1,514,692	0.15	[6][9]680,640,548	66.50
Datuk Chen Fook Wah	Malaysian	23,336	[3]-	[6][10]710,171,157	88.37	23,336	[3]-	[6][10]679,463,457	66.38
Substantial shareholders									
Metro Kajang (Oversea)	Malaysia	344,462,001	42.87	-	-	313,754,301	30.65	-	-
MKH Plantation	Malaysia	38,334,662	4.77	-	-	38,334,662	3.75	-	-
CCSR	Malaysia	8,122,849	1.01	[7][11]701,954,609	87.35	8,122,849	0.79	[7][11]671,246,909	65.58
PT Hikmat[12]	Indonesia	40,180,575	5.00	-	-	40,180,575	3.93	-	-

Notes:

(1) Based on the share capital of 803,590,845 Shares after the Pre-IPO Reorganisation but before our IPO.

(2) Based on the enlarged share capital of 1,023,590,845 Shares after our IPO.

(3) Less than 0.01%.

(4) Deemed interested by virtue of its shareholdings in Metro Kajang (Oversea).

(5) Deemed interested by virtue of its shareholdings in MKH Plantation.

(6) Deemed interested by virtue of his shareholdings in CCSR.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(7) Deemed interested by virtue of its shareholdings in MKH.

(8) Deemed interested by virtue of his shareholdings in Lotus Way and shareholdings held through AllianceGroup Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholdings in MKH. As at LPD, the ultimate beneficial owner of Lotus Way is Tan Sri Alex Chen, holding the entire equity interest in Lotus Way.

(9) Deemed interested by virtue of his shareholdings in AllianceGroup Nominees (Tempatan) Sdn Bhd held through Liberty Alliance (M) Sdn Bhd, which is in turn deemed interested by virtue of its shareholding in MKH. As at LPD, the direct substantial shareholder of Liberty Alliance (M) Sdn Bhd is Tan Sri Eddy Chen (99.99%) where the remaining shareholders are Puan Sri Datin Tan Sou Yee (<0.01%), spouse of Tan Sri Eddy Chen, Chen Wei Jia (<0.01%), Chen Yunn Li (<0.01%) and Chen Yunn Shin (<0.01%), all 3 of them are daughters of Tan Sri Eddy Chen.

(10) Deemed interested by virtue of his shareholdings in Activest and shareholdings held through RHB Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholding in MKH. As at LPD, the ultimate beneficial owner of Activest is Datuk Chen Fook Wah, holding approximately 99.99% equity interest in Activest. The remaining equity interest (<0.01%) in Activest is held by Chen Wei Sern, son of Datuk Chen Fook Wah.

(11) Deemed interested by virtue of its shareholdings held through HLB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd and Amsec Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad).

(12) PT Hikmat will cease to be our substantial shareholder after our IPO.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.1.2 Profiles of Promoters and/or substantial shareholders

Save for the profiles of Tan Sri Alex Chen and Tan Sri Eddy Chen, who are also our Non-Independent Non-Executive Chairman and Non-Independent Non-Executive Director respectively, which are set out in Section 5.2.3, the profiles of our other Promoters and/or substantial shareholders are set out below:

(a) MKH

MKH was incorporated in Malaysia under the Companies Act 1965 on 27 September 1979 as a private company limited by shares and is deemed registered under the Act. MKH was incorporated under the name of Srijang Bena Sdn Bhd. It was converted into a public company limited by shares under the name of Metro Kajang Holdings Berhad on 12 July 1994 and was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market) on 18 October 1995. It subsequently assumed its present name on 1 April 2011. MKH's principal activities are investment holdings and providing other management services. Its investment holdings are in real properties and shares of subsidiaries principally involved in the property development, trading of building materials, investment holding, provision of management services, building and civil works contracting and money lending services.

As at LPD, the issued share capital of MKH is RM654,458,655 comprising 586,548,168 ordinary shares (including 9,152,300 treasury shares).

The directors of MKH and their respective shareholdings in MKH as at LPD are as follows:

	Designation/	Direct		Indirect	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Tan Sri Alex Chen	Group Executive Chairman/ Malaysian	277,080	0.05	(1)253,129,658	43.84
Tan Sri Eddy Chen	Group Managing Director/ Malaysian	10,602,844	1.84	(2)245,220,987	42.47
Datuk Chen Fook Wah	Deputy Managing Director/ Malaysian	163,354	0.03	(3)236,981,354	41.04
Jeffrey Bin Bosra	Non-Independent Non-Executive Director/ Malaysian	-	-	-	-
Dato' Lim Hong Shuan	Independent Non-Executive Director/ Malaysian	-	-	-	-
Hoon Shat Mei	Independent Non-Executive Director/ Malaysian	-	-	-	-
Lee Pei Yee	Independent Non-Executive Director/ Malaysian	-	-	-	-

Notes:

(1) Deemed interested through shares held in CCSR, Lotus Way and AllianceGroup Nominees (Tempatan) Sdn Bhd. As at LPD, the ultimate beneficial owner of Lotus Way is Tan Sri Alex Chen, holding the entire equity interest in Lotus Way.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(2) Deemed interested through shares held in CCSR and AllianceGroup Nominees (Tempatan) Sdn Bhd via Liberty Alliance (M) Sdn Bhd. As at LPD, the direct substantial shareholder of Liberty Alliance (M) Sdn Bhd is Tan Sri Eddy Chen (99.99%) where the remaining shareholders are Puan Sri Datin Tan Sou Yee (<0.01%), spouse of Tan Sri Eddy Chen, Chen Wei Jia (<0.01%), Chen Yunn Li (<0.01%) and Chen Yunn Shin (<0.01%), all 3 of them are daughters of Tan Sri Eddy Chen.

(3) Deemed interested through shares held in CCSR, RHB Nominees (Tempatan) Sdn Bhd and Activest. As at LPD, the ultimate beneficial owner of Activest is Datuk Chen Fook Wah, holding approximately 99.99% equity interest in Activest. The remaining equity interest (<0.01%) in Activest is held by Chen Wei Sern, son of Datuk Chen Fook Wah.

The substantial shareholders of MKH and their respective shareholdings in MKH as at LPD are as follows:

Name	Country of incorporation/ Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
CCSR	Malaysia	56,859,954	9.85	(1)179,465,500	31.08
Public Bank Group Officers' Retirement Benefits Fund	Malaysia	53,352,059	9.24	-	-
Tan Sri Alex Chen	Malaysian	277,080	0.05	(2)253,129,658	43.84
Tan Sri Eddy Chen	Malaysian	10,602,844	1.84	(3)245,220,987	42.47
Datuk Chen Fook Wah	Malaysian	163,354	0.03	(4)236,981,354	41.04

Notes:

(1) Deemed interested through shares held through HLB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd and Amsec Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad).

(2) Deemed interested through shares held in CCSR, Lotus Way and AllianceGroup Nominees (Tempatan) Sdn Bhd. As at LPD, the ultimate beneficial owner of Lotus Way is Tan Sri Alex Chen, holding the entire equity interest in Lotus Way.

(3) Deemed interested through shares held in CCSR and AllianceGroup Nominees (Tempatan) Sdn Bhd via Liberty Alliance (M) Sdn Bhd. As at LPD, the direct substantial shareholder of Liberty Alliance (M) Sdn Bhd is Tan Sri Eddy Chen (99.99%) where the remaining shareholders are Puan Sri Datin Tan Sou Yee (<0.01%), spouse of Tan Sri Eddy Chen, Chen Wei Jia (<0.01%), Chen Yunn Li (<0.01%) and Chen Yunn Shin (<0.01%), all 3 of them are daughters of Tan Sri Eddy Chen.

(4) Deemed interested through shares held in CCSR, RHB Nominees (Tempatan) Sdn Bhd and Activest. As at LPD, the ultimate beneficial owner of Activest is Datuk Chen Fook Wah, holding approximately 99.99% equity interest in Activest. The remaining equity interest (<0.01%) in Activest is held by Chen Wei Sern, son of Datuk Chen Fook Wah.

(b) Datuk Chen Fook Wah

Datuk Chen Fook Wah, a Malaysian aged 68 is our Promoter.

He underwent his secondary education at Kajang High School. In May 2012, he graduated with a Master of Business Administration from University of Wales.

In January 1973, he began his career as Account Executive in Guthrie Trading Sdn Bhd where he was responsible for handling day-to-day accounting, maintaining ledger, and conducting all other accounting activities. He left Guthrie Trading Sdn Bhd in December 1974 and joined Hilton Realty from January 1975 to December 1978, where he was appointed as Marketing Manager. His responsibilities include overseeing the sales and marketing portfolio of all kind of residential and commercial properties. He left the company in December 1978.

In January 1979, he joined CCSR as Field Manager where he was responsible for overseeing the overall rubber estate and oil palm estate operations. In October 1979, he joined MKH as Project and Implementation Manager and was subsequently appointed to the Board of MKH on 25 November 1999. He is currently the Deputy Managing Director of MKH, a position which he has held since 19 January 2005.

He is currently a member of the Executive Committee of MKH, a position which he was appointed to since 1999 and also a Director of GK Resort Berhad, a subsidiary of MKH, a position which he was appointed to since 1983. He was admitted to the Board of Valuers and Real Estate Agent of Malaysia in 1986.

He is the brother of Tan Sri Alex Chen and Tan Sri Eddy Chen and uncle of Chen Wei Chyong.

(c) Metro Kajang (Oversea)

Metro Kajang (Oversea) was incorporated in Malaysia under the Companies Act 1965 on 22 July 1993 as a private company limited by shares and is deemed registered under the Act.

Metro Kajang (Oversea)'s principal activities are investment holding and provision of treasury management services, with its investment holding in shares of its subsidiary principally involved in the business of furniture manufacturing.

As at LPD, the issued share capital of Metro Kajang (Oversea) is RM490,000,000 comprising 200,175,000 ordinary shares and 2,550,000 RCPS. Metro Kajang (Oversea) is a wholly-owned subsidiary of MKH.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

The directors of Metro Kajang (Oversea) and their shareholdings in Metro Kajang (Oversea) as at LPD are as follows:

Name	Designation/ Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tan Sri Alex Chen	Director/ Malaysian	-	-	[(1)]200,175,000	100.00
Tan Sri Eddy Chen	Director/ Malaysian	-	-	[(1)]200,175,000	100.00
Datuk Chen Fook Wah	Director/ Malaysian	-	-	[(1)]200,175,000	100.00
Tan Wan San	Director/ Malaysian	-	-	-	-

Note:

(1) Deemed interested through shares held in MKH.

(d) MKH Plantation

MKH Plantation was incorporated in Malaysia under the Companies Act 1965 on 15 June 2006 as a private company limited by shares and is deemed registered under the Act. MKH Plantation was incorporated under the name of Global Retreat (MM2H) Sdn Bhd and assumed its present name on 3 February 2016.

MKH Plantation's principal activity is investment holding, where its investment is in shares of its subsidiary, PT SPS, which is principally involved in oil palm plantation.

As at LPD, the issued share capital of MKH Plantation is RM70,670,000 comprising 60,000,000 ordinary shares and 106,700 redeemable convertible preference shares. MKH Plantation is a wholly-owned subsidiary of MKH.

The directors of MKH Plantation and their respective shareholdings in MKH Plantation as at LPD are as follows:

Name	Designation/ Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tan Sri Alex Chen	Director/ Malaysian	-	-	[(1)]60,000,000	100.00
Tan Sri Eddy Chen	Director/ Malaysian	-	-	[(1)]60,000,000	100.00
Datuk Chen Fook Wah	Director/ Malaysian	-	-	[(1)]60,000,000	100.00
Datuk Wira Hj. Johan Bin Abd Aziz	Director/ Malaysian	-	-	-	-

Note:

(1) Deemed interested through shares held in MKH.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(e) CCSR

CCSR was incorporated in Malaysia under the Companies Act 1965 on 21 February 1976 as a private company limited by shares and is deemed registered under the Act. CCSR was incorporated under its present name.

CCSR's principal activity is investment holding, where its investments are of listed and unlisted shares, with the business activities of the companies mainly in investment holding.

As at LPD, the issued share capital of CCSR is RM55,550,000 comprising 5,000,000 ordinary shares and 240,000 redeemable non-cumulative preference shares ("**RNCPS**").

The substantial shareholders and directors of CCSR and their respective shareholdings in CCSR as at LPD are as follows:

Name	Designation/ Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tan Sri Alex Chen	Director/ Malaysian	1,645,000	32.90	-	-
Tan Sri Eddy Chen	Director/ Malaysian	1,592,500	31.85	-	-
Datuk Chen Fook Wah	Director/ Malaysian	1,592,500	31.85	-	-

Name	Country of incorporation	Direct		Indirect	
		No. of RNCPS	%	No. of RNCPS	%
Ricard Securities Pty Ltd[(1)]	Australia	240,000	100.00	-	-

Note:

(1) Ricard Securities Pty Ltd is a firm with an Australian financial services licence that authorises it to carry on a financial services business to provide financial product advice and to deal in financial products to retail and wholesale clients.

The substantial shareholder of Ricard Securities Pty Ltd and his shareholdings in Ricard Securities Pty Ltd as at LPD are as follows:

Name	Designation/ Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Richard Michael Van Cuylenburg	Director/ Australian	100	100.00	-	-

(f) PT Hikmat

PT Hikmat was established in Indonesia by virtue of Deed No. 4 dated 15 November 2017, made before Sri Agustini, S.H., Notary in Jakarta ("**Deed of Establishment**"). The Deed of Establishment has been approved by the Minister of Law and Human Rights ("**MOLHR**") by virtue of Decree of the MOLHR No. AHU-0052855.AH.01.01.TH.2017 dated 22 November 2017.

PT Hikmat's principal activities are investment holding and provision of management consultancy services.

As at LPD, the issued share capital of PT Hikmat is IDR150,000,000 comprising 300 ordinary shares.

The substantial shareholders and directors of PT Hikmat and their respective shareholdings in PT Hikmat as at LPD are as follows:

		Direct		**Indirect**	
Name	**Designation/ Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Taufik Nugraha	Director/ Indonesian	150	50.00	-	-
Indria Gunawan Leman	Commissioner/ Indonesian	150	50.00	-	-

As at LPD, PT Hikmat is our substantial shareholder pursuant to the Acquisition of PT MKH and Acquisition of PT SPS. However, PT Hikmat will cease to be our substantial shareholder after our IPO. Please refer to Section 5.1.1 for further details on PT Hikmat's shareholdings in our Company before and after our IPO.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

Save for the Pre-IPO Reorganisation as detailed in Section 6.2 and as disclosed below, there has been no change in our Promoters and substantial shareholders' respective shareholdings for the past 3 years preceding LPD:

	As at 31 December 2020				As at 31 December 2021				As at 31 December 2022			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[2]	No. of Shares	%[2]	No. of Shares	%[2]	No. of Shares	%[2]
Promoters & substantial shareholders												
MKH	62,668,000	100.00	-	-	62,668,000	56.73	[8]47,800,000	43.27	62,668,000	56.73	[8]47,800,000	43.27
Tan Sri Alex Chen	-	-	[6]62,668,000	100.00	-	-	[6]110,468,000	100.00	-	-	[6]110,468,000	100.00
Tan Sri Eddy Chen	-	-	[6]62,668,000	100.00	-	-	[6]110,468,000	100.00	-	-	[6]110,468,000	100.00
Datuk Chen Fook Wah	-	-	[6]62,668,000	100.00	-	-	[6]110,468,000	100.00	-	-	[6]110,468,000	100.00
Substantial shareholders												
Metro Kajang (Oversea)	-	-	-	-	47,800,000	43.27	-	-	47,800,000	43.27	-	-
MKH Plantation	-	-	-	-	-	-	-	-	-	-	-	-
CCSR	-	-	[7]62,668,000	100.00	-	-	[7]110,468,000	100.00	-	-	[7]110,468,000	100.00
PT Hikmat	-	-	-	-	-	-	-	-	-	-	-	-

	As at 31 December 2023				As at LPD[4]			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%[3]	No. of Shares	%[3]	No. of Shares	%[5]	No. of Shares	%[5]
Promoters & substantial shareholders								
MKH	376,008,000	51.50	[8][9]309,269,712	42.36	293,520,019	36.53	[8][9]382,796,663	47.64
Tan Sri Alex Chen	-	-	[6]685,277,712	93.87	39,582	[10]-	[6][11]712,478,057	88.66
Tan Sri Eddy Chen	-	-	[6]685,277,712	93.87	1,514,692	0.19	[6][12]711,348,248	88.52
Datuk Chen Fook Wah	-	-	[6]685,277,712	93.87	23,336	[10]-	[6][13]710,171,157	88.37
Substantial shareholders								
Metro Kajang (Oversea)	291,998,686	40.00	-	-	344,462,001	42.87	-	-
MKH Plantation	17,271,026	2.37	-	-	38,334,662	4.77	-	-
CCSR	-	-	[7]685,277,712	93.87	8,122,849	1.01	[7][14]701,954,609	87.35
PT Hikmat	40,180,575	5.50	-	-	40,180,575	5.00	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Notes:

(1) Based on the share capital of 62,668,000 Shares.

(2) Based on the share capital of 110,468,000 Shares after allotment of Shares due to conversion of 478,000 RCPS into 47,800,000 Shares by Metro Kajang (Oversea), a wholly-owned subsidiary of MKH, on 30 June 2021. This had resulted in the decrease in MKH's shareholding in our Company from 100.00% to 56.73% and Metro Kajang (Oversea) emerged as a substantial shareholder of our Company holding 43.27%.

(3) Based on the share capital of 730,063,894 Shares upon completion of the Share Split as well as the Acquisition of PT MKH and Acquisition of PT SPS on 29 November 2023 and 20 December 2023, respectively. The Acquisition of PT MKH and Acquisition of PT SPS had resulted in the decrease in MKH's shareholding in our Company from 56.73% to 51.50%.

(4) After completion of the Pre-IPO Reorganisation and Distribution but before our IPO. Please refer to Section 6.2 for further details on the Pre-IPO Reorganisation.

(5) Based on the share capital of 803,590,845 Shares after the Pre-IPO Reorganisation and Distribution but before our IPO.

(6) Deemed interested by virtue of his shareholdings in CCSR.

(7) Deemed interested by virtue of its shareholdings in MKH.

(8) Deemed interested by virtue of its shareholdings in Metro Kajang (Oversea).

(9) Deemed interested by virtue of its shareholdings in MKH Plantation.

(10) Less than 0.01%.

(11) Deemed interested by virtue of his shareholdings in Lotus Way and shareholdings held through AllianceGroup Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholdings in MKH.

(12) Deemed interested by virtue of his shareholdings in AllianceGroup Nominees (Tempatan) Sdn Bhd held through Liberty Alliance (M) Sdn Bhd, which is in turn deemed interested by virtue of its shareholding in MKH.

(13) Deemed interested by virtue of his shareholdings in Activest and shareholdings held through RHB Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholding in MKH.

(14) Deemed interested by virtue of its shareholdings held through HLB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd and Amsec Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad).

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, there is no arrangement between our Company and the Promoters and our substantial shareholders with any third party which may result in a change in control of our Company at a date subsequent to our Listing.

5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the issuance of our Shares as disclosed in Section 6.1 and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.5, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO are set out below:

		[1]Before IPO				[2]After IPO			
	Designation/	Direct		Indirect		Direct		Indirect	
Name	Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Alex Chen	Non-Independent Non-Executive Chairman/ Malaysian	39,582	[3]-	[4][5]712,478,057	88.66	39,582	[3]-	[4][5]681,770,357	66.61
Tan Sri Eddy Chen	Non-Independent Non-Executive Director/ Malaysian	1,514,692	0.19	[4][6]711,348,248	88.52	1,514,692	0.15	[4][6]680,640,548	66.50
Dato' Lee Khee Meng	Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Chen Wei Chyong	Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Yeo Kiat Seng	Non-Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Leong Sow Yoke	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Ong Kim Pin	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Tan Hoe Hing	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Dr Hasuria Binti Che Omar	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

		[1]Before IPO				[2]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Designation/ Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yahya Bin Ariffin	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-

Notes:

(1) Based on the share capital of 803,590,845 Shares after completion of the Pre-IPO Reorganisation but before our IPO.

(2) Based on the enlarged share capital of 1,023,590,845 Shares after our IPO.

(3) Less than 0.01%.

(4) Deemed interested by virtue of his shareholdings in CCSR.

(5) Deemed interested by virtue of his shareholdings in Lotus Way and shareholdings held through AllianceGroup Nominees (Tempatan) Sdn Bhd, which are in turn deemed interested by virtue of their shareholdings in MKH. As at LPD, the ultimate beneficial owner of Lotus Way is Tan Sri Alex Chen, holding the entire equity interest in Lotus Way.

(6) Deemed interested by virtue of his shareholdings in AllianceGroup Nominees (Tempatan) Sdn Bhd held through Liberty Alliance (M) Sdn Bhd, which is in turn deemed interested by virtue of its shareholding in MKH. As at LPD, the direct substantial shareholder of Liberty Alliance (M) Sdn Bhd is Tan Sri Eddy Chen (99.99%) where the remaining shareholders are Puan Sri Datin Tan Sou Yee (<0.01%), spouse of Tan Sri Eddy Chen, Chen Wei Jia (<0.01%), Chen Yunn Li (<0.01%) and Chen Yunn Shin (<0.01%), all 3 of them are daughters of Tan Sri Eddy Chen.

5.2.2 Representative of corporate shareholder

Tan Sri Alex Chen, Tan Sri Eddy Chen and Chen Wei Chyong are the corporate representatives of MKH on our Board. Tan Sri Alex Chen and Tan Sri Eddy Chen are substantial shareholders and Executive Directors of MKH, whereas Chen Wei Chyong was formerly the Assistant General Manager - Human Resources and Administration of MKH.

5.2.3 Profiles of Directors

The profiles of our Directors are as follows:

(a) Tan Sri Alex Chen

Tan Sri Alex Chen, a Malaysian male aged 81, is our Promoter, substantial shareholder and Non-Independent Non-Executive Chairman and was appointed to our Board on 19 November 2004.

He undergone his secondary education at Sekolah Menengah Jenis Kebangsaan Yu Hua, Kajang and later completed his higher secondary education at Han Chiang High School, Penang in 1962.

He began working in 1962 in his family business involving in fruit selling. In 1970, he ventured into oil palm industry when he invested in a 300-acre oil palm plantation estate in Tanjung Sepat, Selangor.

After reviving the oil palm plantation, he sold the business in 1973 and later founded Srijang Bena Sdn Bhd in 1979 to be involved in property development business, which he had assumed the role as the Managing Director since then. Srijang Bena Sdn Bhd was later renamed to Srijang Holdings Sdn Bhd and Metro Kajang Holdings Berhad in 1987 and 1994 respectively, and was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market) in 1995.

Tan Sri Alex Chen assumed his present position as the Group Executive Chairman of Metro Kajang Holdings Berhad in 2006. Metro Kajang Holdings Berhad was renamed to MKH on 1 April 2011. He is responsible for developing overall strategic direction and overseeing the overall operations of MKH. Through his involvement in property development and construction, he gained exposure and knowledge in sourcing for suitable lands for property development.

Under his leadership, MKH acquired SJL Utama Pte Ltd which owned 94.99% equity interest in PT MKH at that time to venture into oil palm business in Indonesia in 2008. In 2008, he assumed the role as our Executive Chairman, a position he held until March 2023. As our Executive Chairman, he spearheaded the development of our plantation from greenfield to brownfield. In March 2023, he was re-designated as our Non-Independent Non-Executive Chairman, and he continues to play a vital role in our Group's business and growth where he provides advice for our Group's business operations focusing on strategic matters such as major investment or capital expenditure and financing decisions.

Over the years, he received the following industry recognised awards and achievements:

- In 1996, he founded Chin Mooi Education Foundation (now known as Chen Choy & Chin Mooi Education Foundation).
- In 2013, he was awarded the "Property Man of the Year" by the International Real Estate Federation (FIABCI) Malaysia.
- In 2017, he was conferred on the "Lifetime Achievement Award for Leadership in Property Industry and Palm Oil Sector" by the Asian Strategy & Leadership Institute and the World Chinese Economic Summit.
- Since 2016, he has been the Chairman of the Hulu Langat Chinese Industry & Commerce Association.
- Since 2022, he has been the Honorary President of the Malaysia-China Chamber of Commerce.

He is the brother of Tan Sri Eddy Chen and Datuk Chen Fook Wah, our Promoters, and the father of Chen Wei Chyong. Kindly refer to Section 5.2.4(a) for his involvement in other business activities outside our Group.

(b) Tan Sri Eddy Chen

Tan Sri Eddy Chen, a Malaysian male aged 72, is our Promoter, substantial shareholder and Non-Independent Non-Executive Director and was appointed to our Board on 19 November 2004.

He graduated with a Bachelor of Business (Marketing) from Monash University, Australia in 1978. After graduation, he volunteered in student activities and social works in Australia.

In 1982, he returned to Malaysia and joined the management of Srijang Bena Sdn Bhd (now known as MKH) as a general manager of property development, where he was responsible for planning and overall management of mixed property development projects which comprised residential and commercial properties. He was appointed to the board of directors of MKH on 31 July 1984, where he was involved in strategic planning and evaluation of potential property development projects for tabling and approval by the board of directors of MKH, as well as managing bank borrowings for property development projects. He has been the Group Managing Director of MKH since 2005 and is responsible for executing strategic direction and operations of various division within MKH. In 2004, he was appointed as our Executive Director, a position he held until March 2023. As our Executive Director, he was responsible for executing strategic directions and operations of our Group. In March 2023, he was re-designated as our Non-Independent Non-Executive Director, and he continues to contribute his experiences particularly in evaluation of potential landbanks and negotiation of financing arrangements for our Group.

He has around 42 years of experience in property development and construction related businesses. His experience in the industry was recognised through "REHDA Recognition Award 2013, REHDA Personality" awarded by Real Estate and Housing Developers' Association ("**REHDA**") in 2013, Malaysia's Top 30 Green Catalysts awarded by GreenTech Malaysia in 2014, "CEO of the Year" awarded by Construction Industry Development Board Malaysia (CIDB) in 2015, and Outstanding Property CEO Award awarded by The Edge Malaysia in 2018.

He presently serves as the Patron of REHDA Malaysia and the Industry Advisor for Master of Business Administration (Building Management) Programme in Universiti Tunku Abdul Rahman.

Along with his string of industry recognised awards and achievements, he was also:

- President of the Building Management Association of Malaysia (2021 to 2023);
- Board of Advisors for Malaysia Shopping Malls Association (2018 to 2022);
- Past President of Malaysia Shopping Malls Association (2013 to 2017);
- Former Chairman of Perbadanan PR1MA Malaysia under Act 739 (2018 to 2020);
- Past President of ASEAN Association for Planning & Housing (2005 to 2007);
- National Council member of REHDA Malaysia (1994 to 2020); and
- President of REHDA Malaysia (1998 to 2002).

He was also an active committee member in various government as well as private sector organisations that formulate policies governing the housing and real estate industry:

- Advisory Council Member of Construction Labour Exchange Centre Berhad (2004 to 2019); and
- Member of PEMUDAH Special Task Force on Kuala Lumpur City Hall (2016 to 2018).

He is the brother of Tan Sri Alex Chen and Datuk Chen Fook Wah, our Promoters, and the uncle of Chen Wei Chyong. Kindly refer to Section 5.2.4(b) for his involvement in other business activities outside our Group.

(c) Dato' Lee Khee Meng

Dato' Lee Khee Meng, a Malaysian male aged 46, is our Executive Director and was appointed to our Board on 30 July 2021. He is responsible for overseeing and managing the overall plantation operations of our Group.

He was granted various scholarships and graduated with a Bachelor of Science (Honours) in Economics and Management from University of London, United Kingdom ("**UK**") in 2000. He also undertook and passed several papers in the Certified Credit Professional examinations from the Institut Bank-Bank Malaysia (now known as Asian Institute of Chartered Bankers) in 2005 catered for credit professionals in the banking and finance industry in Malaysia. He has been an international delegate at Indonesia Palm Oil Conferences since 2012 (except for periods affected by COVID-19), and sits in various Indonesian think tanks where he regularly shares his views on policies, initiatives, mechanisation, and innovative practices relevant to the oil palm industry in the conferences. He has also been a member of the Incorporated Society of Planters in Malaysia since 2021.

He started his career in corporate banking in Public Finance Berhad (now known as Public Bank Berhad, a company listed on Main Market) in 2000. He joined the bank under the 12-month Graduate Trainee Programme, as a Graduate Trainee and was posted to Corporate Loans Department. Within 10 months, he received early recognition under the Graduate Trainee Programme where he was promoted to Senior Officer and was involved in corporate financial analysis, credit assessment and reviews, credit administration, as well as rehabilitation of financially-troubled companies under the purview of Pengurusan Danaharta Nasional Berhad Act 1998.

In 2002, he left Public Finance Berhad and joined AXA Affin Assurance Berhad as Business Analyst in the Corporate Planning and Business Development Department. He assisted the company's French headquarters and Malaysian executive management team to formulate, drive and execute operational strategies and determine the overall strategic direction of the group. He was involved in executing business improvements for the group's services and processes towards achieving operational excellence and long-term sustainable growth.

In 2005, he left AXA Affin Assurance Berhad and joined United Overseas Bank (Malaysia) Berhad as Account Relationship Manager in Commercial Lending Division where he was responsible for the marketing of the bank's credit offerings and managing the processing of credit facility applications.

In 2006, he left United Overseas Bank (Malaysia) Berhad and joined Haus Living Concepts Sdn Bhd as Chief Financial Officer where he spearheaded and executed various internal restructuring projects to improve the company's financial performance. He also implemented branding exercises and led the company in the participation of several international furniture fairs that enabled the company to expand its export markets into China, United Arab Emirates and Europe. He was promoted to Director of Operations and Finance in 2007 where he was responsible for both operational and finance matters for local and exports operations in China and UK before he left the company in 2008.

In 2008, he was accepted into the UK Highly Skilled Migrant Programme and relocated to Wimbledon Park, London. He worked with property developers from China on various UK property development projects. He also worked with Lionbridge Technologies LLC for the provision of legal, financial and technical interpretation services in English, Mandarin, Malay and Indonesian, where he specialised in projects involving the UK Home Office and UK National Health Service. After completion of the projects, he relocated back to Malaysia by 2010.

Upon his relocation back to Malaysia in 2010, he joined RHB Bank Berhad (listed on Main Market) as Outlet Manager for its new consumer banking direction, which included de-centralising banking businesses and marketing of bank and loan products to customers.

In 2011, he left RHB Bank Berhad and joined MKH as Finance Manager where he was involved in cashflow analysis and projections, commercial loan documentation and budget review for MKH's Property and Plantation divisions. He was promoted to Senior Manager of Executive Chairman's Office in 2012 where he was posted to the Plantation Division in which he was responsible for the management of oil palm plantation business which is based in Indonesia. Subsequently in 2013, he was promoted to General Manager of Industrial and Agricultural Development where he was responsible for the overall management of the oil palm plantation and operations of palm oil mill, as well as overseeing the areas of strategic planning, revenue maximisation, operational efficiencies, community socialisation and liaisons with authorities.

In 2014, he was promoted to Plantation Director and was subsequently transferred to our Company in 2021 pursuant to an internal restructuring, assuming his current responsibilities. Over the years, with our Non-Independent Non-Executive Chairman, they championed for our plantation to be amongst the first batch of pioneers to be awarded the ISPO certification, and further implemented mechanisation and drone surveillance systems for efficient and effective crop evacuation works. These practices, along with other site enhancements, had thereafter improved our harvesting yield and operational efficiency, thereby improve the financial performances of our Group.

Presently, he does not hold any other directorships in any private and public limited companies outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(d) Chen Wei Chyong

Chen Wei Chyong, a Malaysian female aged 49, is our Executive Director and was appointed to our Board on 30 July 2021, where she is responsible for overseeing our Group's overall human resource, administration and IT functions.

She graduated with a Bachelor of Business (Human Resource Management) from Charles Sturt University, Australia in 2002. In 2003, she obtained a Master of Business Administration (IT) from Charles Sturt University, Australia.

She began her career in 2002 as Administrative Officer in Cekap Corporation Berhad (a former subsidiary of MKH) where she was responsible for day-to-day administrative and accounting tasks while pursuing her Master through part time distance learning. In 2007, she was re-designated to Administrative Executive where her role was extended to researching for new businesses in addition to her daily tasks. She was subsequently transferred to Intelek Kekal (M) Sdn Bhd (a subsidiary of MKH) in 2010 where she assumed the same role. She was promoted to Senior Human Resources and Administration Executive in 2012 and Human Resources Manager in the same year where she was responsible for employees' benefits and payroll matters. She was re-designated to Manager – Human Resources and Administration in 2015 and promoted to Senior Manager – Human Resources and Administration in 2016 and Assistant General Manager – Human Resources and Administration in 2022, all under the Human Resources and Administration Department in Intelek Kekal (M) Sdn Bhd (a subsidiary of MKH). Notwithstanding her position being in Intelek Kekal (M) Sdn Bhd, she was involved in handling the human resources and administrative matters for the group level of MKH (including the human resources and administrative functions of MKHOP). In March 2023, she resigned from her position in Intelek Kekal (M) Sdn Bhd (a subsidiary of MKH) to focus on her role as our Executive Director. As Executive Director of our Group, she is responsible for our Group's overall human resource functions which include talent acquisition, training of employees, setting and maintenance of human resource policies as well as IT and administration functions.

She is the daughter of Tan Sri Alex Chen and the niece of Tan Sri Eddy Chen who are members of the Board of our Group. She is also the niece of Datuk Chen Fook Wah, our Promoter. Kindly refer to Section 5.2.4(c) for her involvement in other business activities outside our Group.

(e) Yeo Kiat Seng

Yeo Kiat Seng, a Malaysian male aged 63, is our Non-Independent Non-Executive Director and was appointed to our Board on 11 August 2022. He is also a member of our Nominating Committee.

His non-independent directorship arises due to his involvement in Jurukur Jitu Runding as a land surveyor. Jurukur Jitu Runding provides land surveying services to MKH Group's property development division. For FYE 2020 to 2023, the consideration for the land surveying services were RM5.7 million, RM2.3 million, RM0.6 million and RM0.5 million respectively.

He graduated with a degree of Bachelor of Surveying from University of New South Wales, Australia in 1987. He is registered as a Land Surveyor with the Board of Land Surveyor, Peninsular Malaysia and has obtained his license to practice since 1994. In 2005, he obtained a Master of Science (Land Administration and Development) from Universiti Teknologi Malaysia and completed his Intensive Diploma in Oil Palm Management and Technology from the Institute of Malaysian Plantation and Commodities in 2010.

He began his career in 1987 as a Graduate Surveyor in Syarikat Jurukur Konsultant in which he was responsible for field survey works, survey computation and drafting as well as management of survey teams.

He left Syarikat Jurukur Konsultant in 1996 and founded Jurukur Jitu Runding, a land surveying firm registered with the Land Surveyors Board which provides land surveying services. He oversees the overall operations and growth of the business and provides strategic guidance and directions to the senior management team. In 2013, he co-founded Jitu Konsult Sdn Bhd and is responsible for overseeing the overall operations of the company in the provision of land surveying and land housing development services. In 2018, he co-founded Jitu Runding Sdn Bhd and is responsible for overseeing the overall operations of the company in the provision of land surveying services.

Kindly refer to Section 5.2.4(d) for his involvement in other business activities outside our Group.

(f) Leong Sow Yoke

Leong Sow Yoke, a Malaysian female aged 64, is our Independent Non-Executive Director and was appointed to our Board on 20 May 2022. She is the Chairperson of our Audit and Risk Management Committee.

She was admitted as an Associate of the Chartered Association of Certified Accountants (now known as Association of Chartered Certified Accountants or "**ACCA**") in 1986 and has been a Fellow of the ACCA since 1991. She was admitted as a Registered Accountant in the Malaysian Institute of Accountants ("**MIA**") in 1987, and has been a Chartered Accountant member of MIA since 2001. She has been a Certified Information Systems Auditor under the Information Systems Audit and Control Association since 2007. She has also been a Chartered Banker by the Asian Institute of Chartered Bankers and Chartered Banker Institute, UK since 2015.

In 1983, she began her career as Audit Assistant with Azman, Wong, Salleh & Co/Salleh, Leong, Azlan & Co where she provided financial and IT audit and consultancy services. She left the firm as Audit Senior/Acting Manager in 1987 and joined the Lion group of companies as the Head of IT Audit to set up and head the IT audit functions of the group.

In 1989, she left the Lion Group of Companies and joined Overseas Union Bank (Malaysia) Berhad as Audit Senior, and was subsequently promoted to Head of Internal Audit in 1990. She was responsible for overseeing and leading all internal audit functions in the bank. In 2002, she joined United Overseas Bank (Malaysia) Berhad following the merger of Overseas Union Bank (Malaysia) Berhad and United Overseas Bank (Malaysia) Berhad. In 2003, she was promoted to Head of Division, Internal Audit and assumed similar responsibilities, until she left in 2010.

Thereafter, in the same year, she joined Alliance Bank Malaysia Berhad (listed on Main Market) as Group Chief Internal Auditor where she was responsible for overseeing the internal audit function of the group. She retired from Alliance Bank Malaysia Berhad in 2020.

In 2022, she was appointed as Independent Non-Executive Director of Bangkok Bank Berhad, a subsidiary of Bangkok Bank Public Company Limited (listed on the Stock Exchange of Thailand). Bangkok Bank Public Company Limited is one of the largest commercial banks in Thailand with international branches in 14 countries. It provides various banking and financial services such as personal banking, business banking, mortgage lending, credit cards, investment banking, debt securities underwriting and custodial services.

Kindly refer to Section 5.2.4(e) for her involvement in other business activities outside our Group.

(g) Ong Kim Pin

Ong Kim Pin, a Malaysian male aged 73, is our Independent Non-Executive Director and was appointed to our Board on 11 August 2022. He is also a member of our Audit and Risk Management Committee.

He graduated with a degree of Bachelor of Agricultural Science from University of Malaya in 1976. In 1982, he obtained a Master of Science majoring in Crop Production and Physiology from Iowa State University of Science and Technology, United States of America ("**USA**").

He began his career in 1976 as Agricultural Officer in the Department of Agriculture of Malaysia, where he was responsible for compliance with agricultural practices and regulations in the production of cocoa, coconut and coffee planting materials in Perak. He took a paid study break in 1980 to pursue his Master of Science majoring in Crop Production and Physiology in Iowa State University of Science and Technology, USA. In 1983, he continued his service in the Department of Agriculture of Malaysia with additional responsibilities in managing and specialising in the production of cocoa, coconut, coffee seeds and other planting materials.

In 1988, he left the Department of Agriculture and joined Eastern Plantation Agency (Johor) Sdn Bhd (now known as EPA Management Sdn Bhd), a subsidiary of Kulim (Malaysia) Berhad, as an Agronomist where he was responsible for assessing, evaluating and recommending the agronomy practices of oil palm, rubber and cocoa crop production. In 1996, he was promoted to Comptroller and in 2002, he was further promoted to Department Director of Research and Development, where he was responsible for managing research and development activities in the field of agronomy and on the technical aspects of the production of various plantation crops such as oil palm, rubber, tea, coffee and banana. He left EPA Management Sdn Bhd in 2007 alongside his retirement.

Since his retirement, he has been a freelance consultant and contracted to conduct plantation crop advisory, research and feasibility studies, and to provide technical advisory and training, to several oil palm companies in Malaysia and Indonesia as listed below:

- 2007 to 2013 : Consulting Advisor (Agronomy) with EPA Management Sdn Bhd) (a subsidiary of Kulim (Malaysia) Berhad);
- 2012 to 2022 : Consultant (Research and Development) with Sarawak Oil Palms Berhad (listed on Main Market);
- 2013 to 2014 : Consultant (Planting Advisory and Agronomy Consultancy) for Unico Desa Plantations Berhad;
- 2015 to 2017 : Consultant (Agronomy Consultancy and Planting Advisory) with Incasi Raya Group (Indonesia); and
- 2020 to 2022 : Consultant (Agronomy) for Kwantas Corporation Berhad.

Over the years, he has been actively involved in oil palm associations and discussions to share his vast knowledge in oil palm plantation:

- 2011 to 2021 : Chairman of Agriculture Research Committee Malaysian Palm Oil Association (MPOA);
- 2015 to 2022: Council Member of Malaysia Estate Owner Association (MEOA); and
- 2010 to 2012 : Member of Industrial Standard Committee (A) Standard and Industrial Research Institute of Malaysia (SIRIM).

Kindly refer to Section 5.2.4(f) for his involvement in other business activities outside our Group.

(h) Tan Hoe Hing

Tan Hoe Hing, a Malaysian male aged 73, is our Independent Non-Executive Director and was appointed to our Board on 11 August 2022. He is also the Chairperson of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nominating Committee.

He graduated with a Bachelor of Agricultural Science from University of Malaya in 1976. In 1980, he completed his post-graduate diploma in Maize Production from International Maize and Wheat Improvement Center, Mexico. In 1988, he obtained a Master of Agriculture in Agriculture (Farm Management) from University of the Ryukyus, Okinawa, Japan.

He began his career in 1976 as Agriculture Officer in Department of Agriculture of Malaysia where he was responsible for ensuring all agricultural practices and products are in compliance with the local regulations and to ensure effective farm operations. Over the years, he was promoted several times and held the position as the Director of Paddy, Industrial Crops and Floriculture beginning May 2007, in which he was responsible for overseeing and providing services on the development of these agricultural commodities, before he retired in December 2007.

In 2008, he was appointed by Malaysian Agrifood Corporation Berhad as the Vice President, Standards and Certification where he was responsible for the adoption of Good Agricultural Practice in corporate owned farms and carrying out farm audits on suppliers' farms. He left Malaysian Agrifood Corporation Berhad upon the completion of the contract period in 2011.

Since 2015, he has been engaged by Cypark Resources Berhad (listed on Main Market) on several yearly contracts to project manage agricultural integrated solar farm projects involving the production of high valued crops in solar greenhouses. He also leads a horticultural team to carry out quality and performance improvement, developing standard operating procedures and methodology for effective operation under controlled environment in solar greenhouses.

Presently, he does not hold any other directorships in any private and public limited companies outside our Group.

(i) Dr Hasuria Binti Che Omar

Dr Hasuria Binti Che Omar, a Malaysian female aged 58, is our Independent Non-Executive Director and was appointed to our Board on 11 August 2022. She is also the Chairperson of our Nominating Committee and a member of our Remuneration Committee.

In 1990, she graduated with a Bachelor of Arts majoring in Geography from Universiti Sains Malaysia ("**USM**"). She pursued further studies and obtained a Master of Arts (Linguistics – Translation Studies) in 1996, and a Doctor of Philosophy (Ph.D) in Translation Studies in 2004, both from USM.

She began her career in 1995, where she joined USM as a Language Teacher for the Centre for Language and Translation, where she was responsible for preparing study courses and conducting classes on subjects related to language and translation studies. In 1998, she was promoted to Lecturer in which she was responsible for teaching undergraduate students and supervising postgraduate students for research and in mixed-mode study programmes. In 2005, she was promoted to Senior Lecturer, and her responsibilities expanded to include more research and writing of publications and supervising postgraduate students for research and in mixed-mode study programmes. In 2009, she was promoted to Associate Professor, where she was responsible for leading and coordinating courses and managing research and partnerships with other educational institutions. She was also responsible for designing and developing a range of study programmes for undergraduate and postgraduate studies. She retired from USM in 2022 after 26 years of service.

She also held the following administrative positions in School of Humanities in USM:

- 2007 to 2009 : Chairperson for Malay Language and Translation and Interpretation Section, School of Humanities; and
- 2013 to 2018 : Deputy Dean (Academic, Students and Alumni).

She has been the Advisor of the Malaysian Association of Sign Language Interpreter since 2006. She has also been the Vice-President of the Malaysian Translators Association since 2009, a voluntary professional body established under the auspices of Dewan Bahasa dan Pustaka (DBP), and assumed her current position as President of the Malaysian Translators Association on 23 December 2023.

Kindly refer to Section 5.2.4(g) for her involvement in other business activities outside our Group.

(j) Yahya Bin Ariffin

Yahya Bin Ariffin, a Malaysian male aged 67, is our Independent Non-Executive Director and was appointed to our Board on 11 August 2022. He is also a member of our Audit and Risk Management Committee and Remuneration Committee.

He graduated with a Diploma in Agriculture Science from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) in 1979.

He began his career in 1979 as Trainee Assistant on West Estate under a training scheme for Ketengah Jaya Sdn Bhd in which he was responsible for monitoring daily harvesting and field operations.

In 1980, he left Ketengah Jaya Sdn Bhd and joined Kumpulan Guthrie Sdn Bhd (now known as Sime Darby Berhad, a company listed on Main Market) as Planting Assistant where he was responsible for assisting in maintenance operation and developing strategies to improve production. In 1995, he was promoted to Manager where he was responsible for overseeing plantation operations as well as designing and implementing strategic agricultural initiatives to increase the production. In 2005, he was promoted to General Manager of Estate Operations in Central region where his responsibilities expanded to include coordination with other businesses within the division and to lead team members to increase efficiency and effectiveness of business strategies. In 2006, he was seconded to Minamas Plantation, Kalimantan, Indonesia as Acting Senior General Manager of the Estate Operations, where he was responsible for overseeing the overall estates & mills operations.

In 2013, he was transferred to Sime Darby Plantation Berhad (listed on Main Market) as Estate Advisor where he was responsible for providing advisory services on the overall plantation's operation and strategic planning to ensure a sustainable business growth by managing the interests of all stakeholders. He retired from Sime Darby Plantation Berhad as Estate Advisor in 2017.

Kindly refer to Section 5.2.4(h) for his involvement in other business activities outside our Group.

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5.2.4 Principal business performed outside our Group

Save as disclosed below, none of our Directors are involved in any other principal business activities outside our Group as at LPD. The following table sets out the principal directorships of our Directors outside our Group and the principal business activities performed by our Directors outside our Group as at LPD and those other principal directorships of our Directors outside our Group that where held within the past 5 years preceding LPD:

(a) Tan Sri Alex Chen

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Achieve Acres Sdn Bhd[1]	Property development	Director	19 September 2013	-	-	[3]85.0
Agrotainment Sdn Bhd	Export and import of other food products	Director/ Shareholder	8 June 2023	-	50.0	-
Alif Mesra Sdn Bhd[1]	Property development	Director	13 March 2014	-	-	[3]65.0
Aliran Perkasa Sdn Bhd[1]	Property development	Director	1 March 2005	-	-	[3]100.0
Amona Metro Development Sdn Bhd[1]	Property development	Director	19 February 2008	-	-	[3]60.0
Amona MKH Ventures Sdn Bhd (formerly known as MKH IHS Precast Sdn Bhd)[1]	Property development	Director	29 November 2013	-	-	[3]50.0
Budi Bidara Sdn Bhd[1]	Property development	Director	6 February 2013	-	-	[3]100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
CCSR	Investment holding of listed and unlisted shares, with the business activities of the companies mainly in investment holding	Director/ Shareholder	21 February 1976	-	32.9	-
Danau Saujana Sdn Bhd[(1)]	Property development	Director	24 July 2014	-	-	[(3)]100.0
Daksina Harta Sdn Bhd[(2)]	Property development and property investment	-	-	-	-	[(3)]40.0
Dapat Jaya Builder Sdn Bhd[(1)]	Building and civil works contracting and project management	Director	17 November 2000	-	-	[(3)]100.0
Double Majestic Sdn Bhd	Investment holding of unlisted shares, with the business activity of the company in property investment	Director	20 May 2014	-	-	[(4)]100.0
Everland Asia Development Sdn Bhd[(1)]	Property development	Director	15 December 2008	-	-	[(3)]100.0
Gabung Wajib Sdn Bhd[(1)]	Investment holding and property development	-	-	-	-	[(3)]100.0
Gerak Teguh Sdn Bhd[(1)]	Property development	-	-	-	-	[(3)]100.0
GK Resort Berhad[(1)]	Investment holding of unlisted shares, with the business activities of the company in property development	-	-	-	-	[(3)]100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Global Landscape Creation Sdn Bhd[(1)]	Dormant with intended activity of landscape care and maintenance service activities	Director	10 June 2015	-	-	[(3)]100.0
Hiliran Juara Sdn Bhd[(1)]	Property development	Director	14 January 2005	-	-	[(3)]100.0
Hillpark Resources Sdn Bhd[(1)]	Property development	-	-	-	-	[(3)]100.0
Intelek Kekal (M) Sdn Bhd[(1)]	Management services	Director	17 June 2004	-	-	[(3)]100.0
Intelek Murni (M) Berhad[(1)]	Operating of recreational club	Director	31 January 2013	-	-	[(3)]100.0
Intra Tegas (M) Sdn Bhd[(1)]	Property development	-	-	-	-	[(3)]100.0
Jasprima Sdn Bhd	Engaged in the business of property investment	-	-	-	-	[(5)]85.0
Kajang Resources Corporation Sdn Bhd[(1)]	Property development	Director	7 January 1984	-	-	[(3)]100.0
Kumpulan Indah Bersatu Sdn Bhd[(1)]	Property development	Director	31 January 2013	-	-	[(3)]100.0
Laju Jaya Sdn Bhd[(1)]	Property investment, hotel and restaurant business	Director	20 January 1984	-	-	[(3)]100.0
Lotus Way	Investment holding of properties and unlisted shares, with the business activity of the companies in investment holding/property investment	Director/ Shareholder	20 May 1997	-	100.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Maha Usaha Sdn Bhd[1]	Property management and property investment	Director	5 June 1986	-	-	[3]100.0
Metro K.L. City Sdn Bhd[1]	Property investment and property development	Director	15 November 2008	-	-	[3]100.0
Metro Kajang (Oversea)[1]	Investment holding and provision of treasury management services, with its investment holding in shares of its subsidiary principally involved in the business of furniture manufacturing	Director	28 March 2008	-	-	[3]100.0
Metro Kajang Construction Sdn Bhd[1]	Building and civil works contracting, project and building management services	Director	12 January 1984	-	-	[3]100.0
Metro Nusantara Sdn Bhd[1]	Dormant with intended activity of holding	Director	16 May 2008	-	-	[3]100.0
Metro Tiara (M) Sdn Bhd[1]	Property management and property investment company	-	-	-	-	[3]100.0
Metro Readymix Sdn Bhd[1]	Trading of precast concrete, cement or artificial stone articles for use in construction	-	-	-	-	[3]100.0
MKH (listed on Main Market)	Investment holdings and providing other management services	Director/ Shareholder	27 September 1997	-	<0.1	[6]43.8
MKH Building Materials[1]	Trading of building materials and household related products	Director	26 August 2003	-	-	[3]100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
MKH Credit Corporation Sdn Bhd[1]	Money lending, hire purchase, leasing finance	Director	8 May 1996	-	-	[3]100.0
MKH Development Sdn Bhd[1]	Property development	Director	21 July 2005	-	-	[3]100.0
MKH Food Sdn Bhd[1]	Dormant with intended activity of manufacturing of other food products	Director	10 March 2014	-	-	[3]100.0
MKH Land (Aust) Pty Ltd	Dormant with no intended activity	-	4 October 2016	3 November 2022	-	[3]100.0
MKH Management Sdn Bhd[1]	Management, secretarial service and insurance agency	Director	31 January 2013	-	-	[3]100.0
MKH Plantation[1]	Investment holding of unlisted shares with the business activity of its subsidiary, PT SPS in oil palm plantation	Director	7 December 2020	-	-	[3]100.0
MKH Property Ventures Sdn Bhd[1]	Property development	Director	11 January 2018	-	-	[3]51.0
MKH Resources[1]	Providing management services	Director	17 August 2009	-	-	[3]100.0
Nexus Starship Sdn Bhd[1]	Investment holding in Quantum Density Sdn Bhd	Director	12 December 2018	-	-	[3]100.0
Palga Sdn Bhd[1]	Investment holding of unlisted shares with the business activity of its subsidiary in property development	Director	2 February 2005	-	-	[3]100.0
Panasonic Homes MKH Malaysia Sdn Bhd[2]	General construction	Director	17 December 2015	-	-	[3]49.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	**Indirect**
Pelangi Binaraya Sdn Bhd(1)	Property development	Director/ Shareholder	8 August 2014	-	-	(3)50.0
Pelangi Semenyih Sdn Bhd(1)	Property development	Director/ Shareholder	11 February 2009	-	-	(3)100.0
Pelangi Seri Alam Development Sdn Bhd(1)	Building and civil works contracting	Director/ Shareholder	29 September 2005	-	-	(3)100.0
Perkasa Bernas (M) Sdn Bhd(1)	Property development and providing management services	Director/ Shareholder	5 March 2009	-	-	(3)100.0
Petik Mekar Sdn Bhd(1)	Property development	Director/ Shareholder	7 November 2013	-	-	(3)100.0
Pleasant Hill Sdn Bhd	Property development and management	Director	17 April 1984	-	-	(7)99.9
PNSB-GK Resort Sdn Bhd(1)	Property development	Director/ Shareholder	11 June 2008	-	-	(3)70.0
PT Nusantara Makmur Jaya	Dormant with intended activity of exporting plantation and agricultural products	Commissioner	25 October 2022	-	-	(3)100.0
Quantum Density Sdn Bhd(1)	Property development	Director	12 December 2018	-	-	(3)50.0
Restu Mesra Sdn Bhd(1)	Dormant with intended activity of investment holding	Director	27 January 2022	-	-	(3)100.0
Ria Corporation Development Sdn Bhd	Construction of buildings	Director/ Shareholder	15 November 1982	-	<0.1	(7)99.9
Rimbunan Melati Sdn Bhd(2)	Property development	Director	28 March 1995	-	-	(3)45.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Serba Sentosa Sdn Bhd[(1)]	Property development	Director	24 August 1995	-	-	[(3)]100.0
Serentak Maju Corporation Sdn Bhd[(1)]	Property development	Director	13 December 1993	-	-	[(3)]100.0
Srijang Indah Sdn Bhd[(1)]	Property management, property investment and investment holding	-	-	-	-	[(3)]100.0
Srijang Kemajuan Sdn Bhd[(1)]	Property development	Director	13 March 2007	-	-	[(3)]99.9
Stand Allied Corporation Sdn Bhd[(1)]	Property development	Director	31 January 2013	-	-	[(3)]100.0
Sumber Lengkap Sdn Bhd[(1)]	Property development	-	-	-	-	[(3)]100.0
Sunway MKH Marketing Sdn Bhd[(2)]	Wholesale of construction materials	-	-	-	-	[(3)]49.0
Suria Villa Sdn Bhd[(1)]	Construction of buildings	Director	8 August 2014	-	-	[(3)]100.0
Temara Pekeliling Sdn Bhd[(1)]	Property development	Director	16 February 2016	-	-	[(3)]84.0
Vast Furniture Manufacturing (Kunshan) Co. Ltd	Furniture manufacturing	Director	18 September 2015	-	-	[(3)]100.0
Vista Haruman Development Sdn Bhd[(1)]	Property development	Director	17 April 2013	-	-	[(3)]55.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Past involvement						
Akitomas Sdn Bhd	Dissolved on 16 January 2019	Director/ Shareholder	28 April 2010	16 January 2019	95.0	-
Metro Emart Sdn Bhd(1)	Electronic commerce	Director	16 June 2016	21 September 2023	-	(3)100.0

Notes:

(1) A subsidiary of MKH.

(2) An associate company of MKH.

(3) Deemed interested through shares held in MKH.

(4) Deemed interested through shares held in Lotus Way.

(5) Deemed interested through shares held in Double Majestic Sdn Bhd.

(6) Deemed interested through shares held in CCSR, Lotus Way and AllianceGroup Nominees (Tempatan) Sdn Bhd.

(7) Deemed interested through shares held in CCSR.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(b) Tan Sri Eddy Chen

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Achieve Acres Sdn Bhd[1]	Property development	Director	19 September 2013	-	-	[3]85.0
Alif Mesra Sdn Bhd[1]	Property development	Director	13 March 2014	-	-	[3]65.0
Aliran Perkasa Sdn Bhd[1]	Property development	Director	1 March 2005	-	-	[3]100.0
Amona Metro Development Sdn Bhd[1]	Property development	Director	19 February 2008	-	-	[3]60.0
Amona MKH Ventures Sdn Bhd (formerly known as MKH HIS Precast Sdn Bhd)[1]	Property development	Director	29 November 2013	-	-	[3]50.0
Apollo Builders Sdn Bhd	Investment holding company	Director/ Shareholder	3 February 2012	-	50.0	-
Budi Bidara Sdn Bhd[1]	Property development	Director	6 February 2013	-	-	[3]100.0
CCSR	Investment holding of listed and unlisted shares, with the business activities of the companies mainly in investment holding	Director/ Shareholder	3 November 1982	-	31.9	-
Daksina Harta Sdn Bhd[2]	Property development and property investment	Director	9 November 2018	-	-	[3]40.0
Danau Saujana Sdn Bhd[1]	Property development	Director	24 July 2014	-	-	[3]100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Dapat Jaya Builder Sdn Bhd[(1)]	Building and civil works contracting and project management services	Director	17 November 2000	-	-	[(3)]100.0
Everland Asia Development Sdn Bhd[(1)]	Property development	Director	15 December 2008	-	-	[(3)]100.0
Gabung Wajib Sdn Bhd[(1)]	Investment holding and property development	Director	18 June 2004	-	-	[(3)]100.0
Gerak Teguh Sdn Bhd[(1)]	Property development	Director	23 January 2003	-	-	[(3)]100.0
GK Resort Berhad[(1)]	Investment holding of unlisted shares, with the business activities of the company in property development	Director	24 April 1989	-	-	[(3)]100.0
Global Landscape Creation Sdn Bhd[(1)]	Dormant with intended activity of landscape care and maintenance service activities	Director	10 June 2015	-	-	[(3)]100.0
Hiliran Juara Sdn Bhd[(1)]	Property development	Director	14 January 2005	-	-	[(3)]100.0
Hillpark Resources Sdn Bhd[(1)]	Property development	Director	12 August 2014	-	-	[(3)]100.0
Intelek Kekal (M) Sdn Bhd[(1)]	Management services	Director	17 June 2004	-	-	[(3)]100.0
Intelek Murni (M) Berhad[(1)]	Operating of recreational club	Director	31 January 2013	-	-	[(3)]100.0
Intra Tegas (M) Sdn Bhd[(1)]	Property development	Director	8 January 2004	-	-	[(3)]100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Kajang Resources Corporation Sdn Bhd[1]	Property development	Director	7 January 1984	-	-	[3]100.0
Knowledge Builder Sdn Bhd	Construction of buildings	Director	29 September 2023	-	-	[3]60.0
Kumpulan Indah Bersatu Sdn Bhd[1]	Investment holding and property development	Director	30 June 2005	-	-	[3]100.0
Laju Jaya Sdn Bhd[1]	Property investment, hotel and restaurant business	Director	20 January 1984	-	-	[3]100.0
Liberty Alliance (M) Sdn Bhd	Investment holding in properties as well as listed and unlisted shares	Director/ Shareholder	21 July 2011	-	99.9	-
Maha Usaha Sdn Bhd[1]	Property management and property investment	Director	5 June 1986	-	-	[3]100.0
Metro K.L. City Sdn Bhd[1]	Property investment and property development	Director	15 November 2008	-	-	[3]100.0
Metro Kajang (Oversea)[1]	Investment holding and provision of treasury management services, with its investment holding in shares of its subsidiary principally involved in the business of furniture manufacturing	Director	28 March 2008	-	-	[3]100.0
Metro Kajang Construction Sdn Bhd[1]	Building and civil works contracting, project and building management services	Director	12 January 1984	-	-	[3]100.0
Metro Nusantara Sdn Bhd[1]	Dormant with intended activity of holding	Director	18 June 2004	-	-	[3]100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Metro Readymix Sdn Bhd[1]	Trading of precast concrete, cement or artificial stone articles for use in construction	Director	18 April 2018	-	-	[3]100.0
Metro Tiara (M) Sdn Bhd[1]	Property management and property investment company	Director	18 September 2012	-	-	[3]100.0
MKH (listed on Main Market)	Investment holdings and providing other management services	Director/ Shareholder	31 July 1984	-	1.8	[4]42.5
MKH Building Materials[1]	Trading of building materials and household related products	Director	26 August 2003	-	-	[3]100.0
MKH Credit Corporation Sdn Bhd[1]	Money lending, hire purchase and leasing finance	Director	25 January 1985	-	-	[3]100.0
MKH Development Sdn Bhd[1]	Property development	Director	14 September 2009	-	-	[3]100.0
MKH Food Sdn Bhd[1]	Dormant with intended activity of manufacturing of other food products	Director	8 December 2014	-	-	[3]100.0
MKH Land (Aust) Pty Ltd	Dormant with no intended activity	-	4 October 2016	3 November 2022	-	[3]100.0
MKH Management Sdn Bhd[1]	Management, secretarial service and insurance agency	Director	18 June 2004	-	-	[3]100.0
MKH Plantation[1]	Investment holding of unlisted shares with the business activity of its subsidiary, PT SPS in oil palm plantation	Director	1 June 2015	-	-	[3]100.0
MKH Property Ventures Sdn Bhd[1]	Property development	Director	11 January 2018	-	-	[3]51.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
MKH Resources[(1)]	Providing management services	Director	25 March 2004	-	-	[(3)]100.0
Nexus Starship Sdn Bhd[(1)]	Investment holding in Quantum Density Sdn Bhd	Director	12 December 2018	-	-	[(3)]100.0
Oscar Selection Sdn Bhd	Wholesale of a variety of goods without any particular specialisation	Director/ Shareholder	18 August 2010	-	50.0	-
Palga Sdn Bhd[(1)]	Investment holding of unlisted shares with the business activity of its subsidiary in property development	Director	2 February 2005	-	-	[(3)]100.0
Panasonic Homes MKH Malaysia Sdn Bhd[(2)]	General construction	Director	17 December 2015	-	-	[(3)]49.0
Pelangi Binaraya Sdn Bhd[(1)]	Property development	Director	8 August 2014	-	-	[(3)]50.0
Pelangi Semenyih Sdn Bhd[(1)]	Property development	Director	18 June 2004	-	-	[(3)]100.0
Pelangi Seri Alam Development Sdn Bhd[(1)]	Building and civil works contracting	Director	14 September 2009	-	-	[(3)]100.0
Perkasa Bernas (M) Sdn Bhd[(1)]	Property development and management services	Director	18 June 2004	-	-	[(3)]100.0
Petik Mekar Sdn Bhd[(1)]	Property development	Director	7 November 2013	-	-	[(3)]100.0
Pleasant Hill Sdn Bhd	Property development and management	Director	17 April 1984	-	-	[(5)]99.9
PNSB-GK Resort Sdn Bhd[(1)]	Property development	Director	11 June 2008	-	-	[(3)]70.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Quantum Density Sdn Bhd(1)	Property development	Director	12 December 2018	-	-	(3)50.0
Rehda Institute	To provide relevant training, consultancy and training, conduct policy research and provide education programme for real estate and property development	Director	19 July 2005	-	-	-
Restu Mesra Sdn Bhd(1)	Dormant with intended activity of investment holding	Director	27 January 2022	-	-	(3)100.0
Ria Corporation Development Sdn Bhd	Construction of buildings	Director/ Shareholder	15 November 1982	-	<0.1	(5)99.9
Rimbunan Melati Sdn Bhd(2)	Property development	Director	28 March 1995	-	-	(3)45.0
Serba Sentosa Sdn Bhd(1)	Property development	Director	24 August 1995	-	-	(3)100.0
Serentak Maju Corporation Sdn Bhd(1)	Property development	Director	21 July 2005	-	-	(3)100.0
Srijang Indah Sdn Bhd(1)	Property management, property investment and investment holding	Director	30 June 2005	-	-	(3)100.0
Srijang Kemajuan Sdn Bhd(1)	Property development	Director	30 June 2005	-	-	(3)99.9
Stand Allied Corporation Sdn Bhd(1)	Property development	Director	23 December 2003	-	-	(3)100.0
Sumber Lengkap Sdn Bhd(1)	Property development	Director	1 September 2005	-	-	(3)100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Sunway MKH Marketing Sdn Bhd[2]	Wholesale of construction materials	Director	3 February 2021	-	-	[3]49.0
Suria Villa Sdn Bhd[1]	Construction of buildings	Director	8 August 2014	-	-	[3]100.0
Temara Pekeliling Sdn Bhd[1]	Property development	Director	16 February 2016	-	-	[3]84.0
Vast Furniture Manufacturing (Kunshan) Co. Ltd	Furniture manufacturing	-	-	-	-	[3]100.0
Vista Haruman Development Sdn Bhd[1]	Property development	Director	17 April 2013	-	-	[3]55.0
Past involvement						
Europixel Sdn Bhd	Property development	Director	6 August 2019	2 September 2022	-	-
Hexapace Sdn Bhd	Dormant, with its intended principal activity being IT, cybersecurity and related businesses	Director	6 August 2019	2 September 2022	-	-
Mercu Jasakita Sdn Bhd	Dormant, with its intended principal activity being activities of holding companies, real estate, as well as export and import of goods	Director	6 August 2019	2 September 2022	-	-
The Royal Selangor Golf Club	Golf courses	Director	10 June 2017	18 June 2022	-	-
Metro Emart Sdn Bhd[1]	Electronic commerce	Director	16 June 2016	21 September 2023	-	[3]100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Notes:

(1) A subsidiary of MKH.

(2) An associate company of MKH.

(3) Deemed interested through shares held in MKH.

(4) Deemed interested through shares held in CCSR and AllianceGroup Nominees (Tempatan) Sdn Bhd.

(5) Deemed interested through shares held in CCSR.

(c) Chen Wei Chyong

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Double Majestic Sdn Bhd	Investment holding of unlisted shares, with the business activity of the company in property investment	Director	20 May 2014	-	-	-
Green Crafters Sdn Bhd	Retail, export and import of vegetables and fruits	Director/ Shareholder	6 September 2018	-	100.0	-
Jasprima Sdn Bhd	Engaged in the business of property investment	Director	12 January 2021	-	-	-
Lotus Way	Investment holding of properties and unlisted shares, with the business activity of the companies in investment holding/property investment	Director	20 May 1997	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
MKH Management Sdn Bhd[(1)]	Management, secretarial service and insurance agency	Director	31 January 2013	-	-	-

Past involvement

Nil

Note:

(1) A subsidiary of MKH.

(d) Yeo Kiat Seng

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Garuda Jaya Sdn Bhd	Dealing in real estate, housing and land agents, brokers, commission agents	Director/ Shareholder	11 April 2014	-	80.0	-
Inai Sempurna Sdn Bhd	• Dealing in property • Survey works	Director/ Shareholder	3 February 1997	-	99.9	-
J.M. Realty (Langkawi) Sdn Bhd	To carry on the business as general trading	Director/ Shareholder	25 November 2016	-	12.25	-
Jitu Konsult Sdn Bhd[(2)]	Land surveying, consultancy on land housing development	Director/ Shareholder	21 June 2013	-	33.3	-
Jitu Mapping Sdn Bhd	Land surveying services	Director/ Shareholder	29 November 2021	-	30.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Jitu Mega Industries & Hardware Sdn Bhd	Manufacturing and trading of cement bricks and other building materials	Director/ Shareholder	29 November 2012	-	25.0	-
Jitu Rancang Sdn Bhd	Town planning works and its related activities	Director/ Shareholder	3 December 2007	-	50.0	-
Jitu Runding Sdn Bhd[(2)]	• Activities of holding companies • Land surveying services • Real estate activities with own or leased property	Director/ Shareholder	18 October 2018	-	35.0	-
JJR Resources Sdn Bhd	Land surveying, consultancy in land & housing development and investment properties	Director/ Shareholder	28 August 2001	-	51.0	-
Jurukur Jitu Runding (KL) Sdn Bhd	Land surveying, consultancy in land & housing development	Director/ Shareholder	17 June 2004	-	50.0	-
Jurukur Jitu Runding (Sel) Sdn Bhd	Land surveying services	Director/ Shareholder	27 December 2021	-	50.0	-
Lembah Inai Sdn Bhd	Business of property and agency	Director/ Shareholder	3 February 1997	-	33.3	-
Jurukur Jitu Runding[(2)]	Land surveying firm registered with the Land Surveyors Board which provides land surveying services	Sole proprietor	N/A[(1)]	-	-	-

Past involvement

Nil

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Notes:

(1) Not applicable as Jurukur Jitu Runding is a sole proprietorship. Jurukur Jitu Runding was registered on 17 July 2012.

(2) Jurukur Jitu Runding is a sole proprietorship owned by Yeo Kiat Seng whereas Jitu Konsult Sdn Bhd and Jitu Runding Sdn Bhd have common directors and shareholders namely Yeo Kiat Seng, Tan Say Kee and Teh Hock Heng.

(e) Leong Sow Yoke

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Bangkok Bank Berhad (a subsidiary of a company listed on the Stock Exchange of Thailand)	Banking and related financial services	Director	9 June 2022	-	-	-
Past involvement						
LMH Biotech Sdn Bhd	Dissolved on 10 August 2023	Director/ Shareholder	22 September 2021	10 August 2023	10.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(f) Ong Kim Pin

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Kulim Topplant Sdn Bhd	Tissue culture laboratory	Director	1 January 2005	-	-	-
Past involvement						
Elaeis Food Products Sdn Bhd	Franchise restaurant	Director	14 March 2012	15 May 2018	-	-
Bounty Harvest Oil Palm Berhad	Dissolved on 7 December 2022	Director	15 December 2011	7 December 2022	-	-

(g) Dr Hasuria Binti Che Omar

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Zill Resources Sdn Bhd	• Other food service activities • Other business support service activities • Transaction and interpretation activities	Director/ Shareholder	18 August 2022	-	40.0	-

Past involvement

Nil

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(h) Yahya Bin Ariffin

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Amusu Management Sdn Bhd	Providing transport services, housing and property development, contract works, renting out of property and renting out the hotel, including all the hotel's fixed assets to a related company on a commercial basis	Shareholder	-	-	4.4	-

Past involvement

Nil

As at LPD, the directorships of our Directors in other companies are in compliance with Paragraph 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

Save as disclosed in Section 11, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Further, the involvement of our Executive Directors in those business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not actively involved in the management and day-to-day operations of these companies. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management. Whereas, the involvement of our Non-Executive Directors in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of our Group. Therefore, their involvement in these companies does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.2.5 Directors remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, allowances, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 16.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2022 to FYE 2024 are as follows:

	Directors' fees	Salaries	Bonuses	Allowances	Other emolument	Benefits-in-kind	Total
				RM'000			
FYE 2022 (Paid)							
Tan Sri Alex Chen[(1)]	-	-	-	-	-	-	-
Tan Sri Eddy Chen[(1)]	-	-	-	-	-	-	-
Dato' Lee Khee Meng	-	308	44	18	52	7	429
Chen Wei Chyong[(2)]	-	-	-	-	-	-	-
Yeo Kiat Seng	6	-	-	1	-	-	[(3)]7
Leong Sow Yoke	15	-	-	1	-	-	[(4)]16
Ong Kim Pin	6	-	-	1	-	-	[(3)]7
Tan Hoe Hing	6	-	-	1	-	-	[(3)]7
Dr Hasuria Binti Che Omar	6	-	-	1	-	-	[(3)]7
Yahya Bin Ariffin	6	-	-	1	-	-	[(3)]7

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

	Directors' fees	Salaries	Bonuses	Allowances	Other emolument	Benefits-in-kind	Total
				RM'000			
FYE 2023 (Paid)							
Tan Sri Alex Chen[1]	[5]183	-	-	-	-	-	183
Tan Sri Eddy Chen[1]	[5]183	-	-	-	-	-	183
Dato' Lee Khee Meng	-	326	111	18	64	25	544
Chen Wei Chyong[2]	-	302	45	5	42	16	410
Yeo Kiat Seng	40	-	-	2	-	-	42
Leong Sow Yoke	40	-	-	4	-	-	44
Ong Kim Pin	40	-	-	3	-	-	43
Tan Hoe Hing	40	-	-	3	-	-	43
Dr Hasuria Binti Che Omar	40	-	-	2	-	-	42
Yahya Bin Ariffin	40	-	-	3	-	-	43
FYE 2024 (Proposed)							
Tan Sri Alex Chen	[7]365	-	-	-	-	-	365
Tan Sri Eddy Chen	[7]365	-	-	-	-	-	365
Dato' Lee Khee Meng	-	384	[6]144	18	77	25	648
Chen Wei Chyong	-	345	[6]85	5	52	31	518
Yeo Kiat Seng	40	-	-	7	-	-	47
Leong Sow Yoke	40	-	-	16	-	-	56
Ong Kim Pin	40	-	-	18	-	-	58
Tan Hoe Hing	40	-	-	14	-	-	54
Dr Hasuria Binti Che Omar	40	-	-	9	-	-	49
Yahya Bin Ariffin	40	-	-	12	-	-	52

Notes:

(1) As at LPD, the remuneration and benefits to the common Directors of MKH and our Group, namely Tan Sri Alex Chen and Tan Sri Eddy Chen in relation to their services rendered to our Group are made solely by way of management fees charged by MKH Resources, a subsidiary of MKH, to our Company. The management fees are computed based on a proportion of their remuneration and benefits in MKH. In view that Tan Sri Alex Chen and Tan Sri Eddy Chen have been re-designated as our Non-Independent Non-Executive Directors in March 2023, the aforementioned arrangement shall be terminated by 31 March 2023. The remuneration and benefits for Tan Sri Alex Chen and Tan Sri Eddy Chen which have been paid for FYE 2022 (i.e. from October 2021 to September 2022) and FYE 2023 (i.e. from October 2022 to March 2023) pursuant to the aforementioned arrangement is illustrated as follows:

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

	Salaries	Bonuses	Other emolument	Total
	RM'000			
FYE 2022				
Tan Sri Alex Chen	1,205	1,506	526	3,237
Tan Sri Eddy Chen	995	1,078	407	2,480
FYE 2023				
Tan Sri Alex Chen	544	1,360	362	2,266
Tan Sri Eddy Chen	449	974	270	1,693

Bonuses paid to Tan Sri Alex Chen and Tan Sri Eddy Chen for FYE 2022 and FYE 2023 are determined based on their performance as well as our Group's performance for the FYE 2021 and FYE 2022, respectively.

(2) For FYE 2022, the payroll of Chen Wei Chyong was under Intelek Kekal (M) Sdn Bhd, a subsidiary of MKH, as she was the Assistant General Manager – Human Resources and Administration in MKH which she oversaw the Human Resources and Administration Department of MKH Group. In March 2023, she resigned from her position in MKH to focus on her role as our Executive Director. Thereafter, her payroll was transferred to our Group in April 2023.

(3) Pro-rated based on their respective appointment dates as our Directors on 11 August 2022 up to 30 September 2022.

(4) Pro-rated based on their respective appointment dates as our Directors on 20 May 2022 up to 30 September 2022.

(5) Fees paid to our Non-Independent Non-Executive Directors, namely Tan Sri Alex Chen and Tan Sri Eddy Chen for FYE 2023 (i.e. from April 2023 to September 2023), which have been reviewed and recommended by our Remuneration Committee.

(6) Bonuses paid which are determined based on the individual's performance as well as our Group's performance for the FYE 2023.

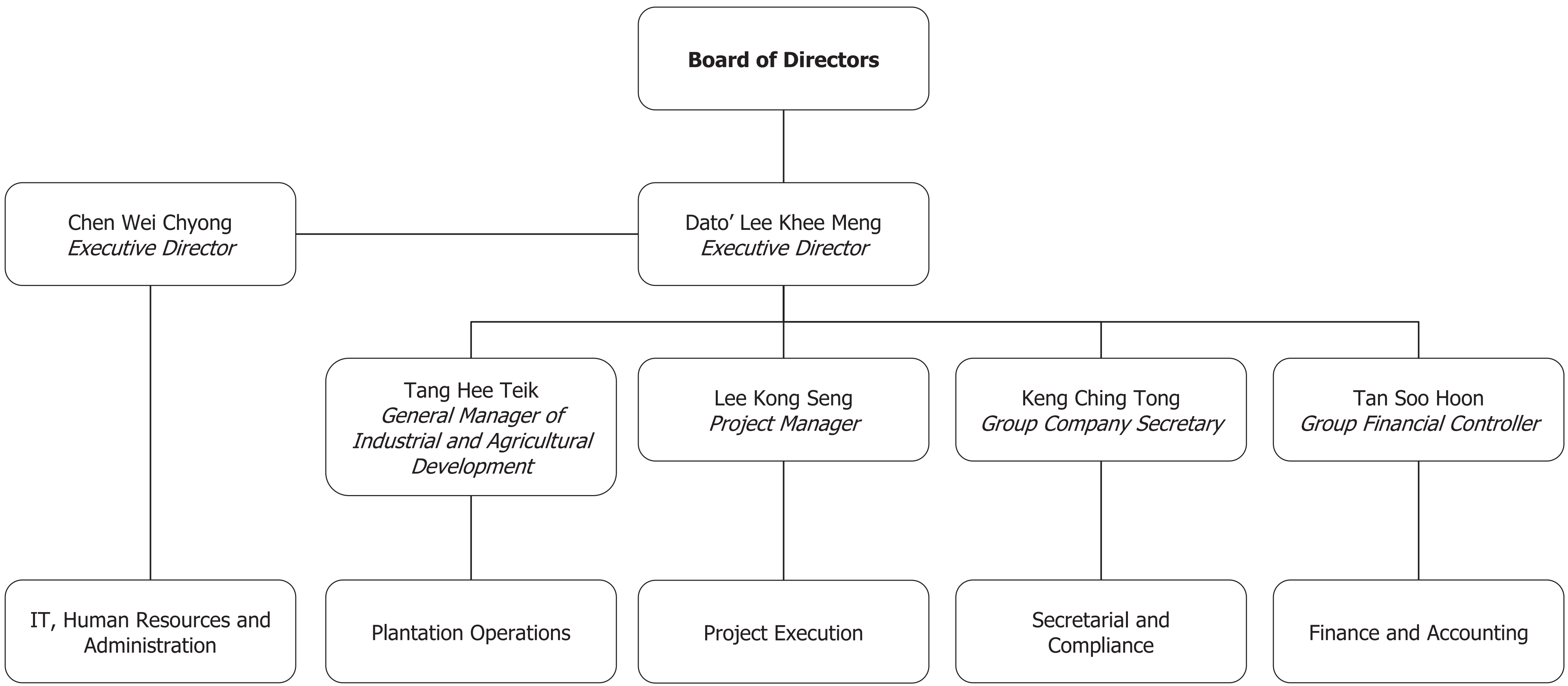
(7) Fees proposed to be paid to our Non-Independent Non-Executive Directors, namely Tan Sri Alex Chen and Tan Sri Eddy Chen for FYE 2024, which have been reviewed and recommended by our Remuneration Committee.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



5.3.2 Key senior management shareholdings

None of our key senior management has any Shares before and after our IPO.

Further, none of our key senior management represents any corporate shareholder on our Board.

5.3.3 Profiles of key senior management

Save for the profiles of our Executive Directors which are set out in Section 5.2, the profiles of the other key senior management of our Group are as follows:

(a) Tang Hee Teik

Tang Hee Teik, a Malaysian male aged 50, is our General Manager of Industrial and Agricultural Development. He is primarily responsible for overseeing and monitoring operation works in the plantation and palm oil mill. He also coordinates inter-department support for sales and marketing activities.

He graduated with a Bachelor of Engineering (Agriculture) from Universiti Putra Malaysia in 1999. After working for few years in food industries, he obtained his Professional Engineer qualification in Agricultural branch registered with the Board of Engineers Malaysia (BEM) from 2005 to 2011. He was also a Member of The Institution of Engineers Malaysia (IEM) from 2006 to 2011; but discontinued his professional memberships from the BEM and IEM since 2012 due to his posting as Project Manager to setup the palm oil mill and jetty in our plantation in Indonesia.

In 1998, he began his career as Production Engineer in Syarikat Thong Guan Trading Sdn Bhd (a subsidiary of Thong Guan Industries Berhad, a company listed on Main Market) where he was responsible for ensuring operation safety standards on production floor. He left Syarikat Thong Guan Trading Sdn Bhd in 2001 and took a short career break to study Good Manufacturing Practice (GMP) and Hazard Analysis Critical Control Point (HACCP) in food production. Subsequently, in the same year, he joined Shuang Hor Enterprise Sdn Bhd as Products and Quality Control Assistant Manager where he was responsible for the setup of a new department tasked to import products for repacking.

In 2002, he left Shuang Hor Enterprise (M) Sdn Bhd and joined GAHC Sdn Bhd as an Assistant Factory Manager. He was later promoted to Factory Manager in 2005, and in both roles he was responsible for managing the manufacturing activities of the company. In 2007, he left GAHC Sdn Bhd and joined Cocoaland Industry Sdn Bhd, a subsidiary of Cocoaland Holdings Berhad (listed on Main Market) until November 2022 as Factory Manager, where his responsibility was extended to overseeing contract manufacturing activities and leading projects on enhancement of plant productivity. In 2008, he left Cocoaland Industry Sdn Bhd and joined PureCircle Sdn Bhd as Project Manager, where he was in charge of designing the process flow of the equipment for a new herbal extraction plant in China. Upon completion of the project, he left the company in 2009.

In 2009, he joined Gerak Teguh Sdn Bhd, a wholly-owned subsidiary of MKH, as Project Manager of Agriculture where he was responsible in leading agricultural research and strategy development, and he was a part of the pioneer team involved in the establishment of our Company. In 2010, he was transferred to Intelek Kekal (M) Sdn Bhd, a wholly-owned subsidiary of MKH and was promoted to Assistant General Manager of Industrial and Agricultural Development in 2014, where he was responsible for assisting in overseeing overall plantation activities. In 2017, he was transferred to MKH Resources to streamline the payroll administration. He was subsequently promoted to General Manager of Industrial and Agricultural Development in January 2021 where he was responsible for managing the operations of our plantation estates and palm oil mill. He was transferred to our Company commencing April 2021 pursuant to an internal restructuring, assuming the position he presently holds.

Kindly refer to Section 5.3.4(a) for his involvement in other business activities outside our Group.

(b) Tan Soo Hoon

Tan Soo Hoon, a Malaysian female aged 47, is our Group Financial Controller and is responsible for preparing financial and management reports, yearly budgets and forecasts, and business plans of our Group.

She graduated with a Bachelor of Accounting from Universiti Malaya in 2001. She has been a member of the MIA and the Malaysian Institute of Certified Public Accountants since 2004 and 2006 respectively.

She started her career in 2001 in KPMG PLT as an Audit Assistant, where she assisted in financial audit engagements for clients. She was promoted to Senior Auditor in 2004, where she led audit engagements and provided guidance to associates, as well as being involved in reviewing profit and cash flow forecast and projections as well as preparing accountant's reports for clients' corporate exercises. In 2005, she left KPMG PLT to join Standard Chartered Bank Malaysia Berhad as Management Information System Reporting Officer. She was promoted to Management Information System Analytics Finance Manager in 2006 where she was responsible for carrying out data analysis and loan impairment analysis under the Credit Department, as well as monitoring the department's expenses.

In 2007, she left Standard Chartered Bank Malaysia Bhd and joined LB Aluminium Berhad (listed on Main Market) as an Accountant where she was responsible for overseeing the accounts and costing team, preparing the company's budgets and financial reporting. In 2010, she left LB Aluminium Berhad and joined Panasonic R&D Centre Malaysia Sdn Bhd as Finance Assistant Manager, where she was assisted in managing the accounting, procurement and planning team.

In 2013, she left Panasonic R&D Centre Malaysia Sdn Bhd and joined MKH Resources, a wholly-owned subsidiary of MKH, as Group Accountant, where she was responsible for preparing financial statements and consolidation of audit reports, including those of MKHOP. In 2021, she was transferred to our Company pursuant to an internal restructuring and was re-designated as the Financial Controller of our Company. In 2022, she was promoted to Group Financial Controller, a position she presently holds.

Presently, she does not hold any directorships in any private and public limited companies.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(c) Keng Ching Tong

Keng Ching Tong, a Malaysian male aged 43, is our Group Company Secretary and is responsible for our Group's corporate and compliance matters including preparing and reviewing secretarial matters.

He graduated with a Diploma in Business Studies in Business Administration from Kolej Tunku Abdul Rahman (now known as Kolej Universiti Tunku Abdul Rahman) in 2002. In 2004, he completed his Advanced Diploma in Commerce in Business Management from Kolej Tunku Abdul Rahman. In 2005, he was admitted to Graduateship of The Institute of Chartered Secretaries and Administrators. In 2007, he was elected as an Associate with the designation of "Chartered Secretary and Chartered Governance Professional" by the Chartered Governance Institute.

In 2004, he began his career in Cheng & Co Secretarial Sdn Bhd as Secretarial Assistant where he was responsible for maintaining statutory records of the directors' and members' circular resolutions as well as formation of new companies. In 2005, he left Cheng & Co Secretarial Sdn Bhd and joined Multi Task Business Consultants Sdn Bhd as Secretarial Assistant. He was promoted to Senior Secretarial Assistant in January 2008 where he was responsible for advising clients on secretarial matters and statutory compliances, until he left the company in April 2008. Subsequently, in May 2008, he joined Symphony Corporatehouse Sdn Bhd as Senior Executive for a short stint until December 2008, where he was responsible for managing corporate secretarial matters for multiple private and public listed companies to ensure compliance with the relevant listing requirements and company acts.

In 2009, he joined Strategy Corporate Secretariat Sdn Bhd as Senior Executive, where he was responsible for managing corporate secretarial matters for multiple private and public listed companies and reviewing listing documents to ensure they are in compliant with the relevant rules and regulations including the listing requirements and the Acts.

He left Strategy Corporate Secretariat Sdn Bhd as Assistant Manager in 2010 and joined MKH as Assistant Manager of Secretarial where he assisted in managing the secretarial matters of MKH Group, including those of MKHOP. In 2011, he was transferred to MKH Resources to streamline the payroll administration. In 2013, he was promoted to Manager of Secretarial and subsequently promoted to Senior Manager of Secretarial in 2017. He was involved in managing the secretarial as well as corporate and compliance matters of MKH Group, including those of MKHOP. In 2021, he was transferred to our Company pursuant to an internal restructuring and assumed the position he presently holds since 2022.

Presently, he does not hold any directorships in any private and public limited companies.

(d) Lee Kong Seng

Lee Kong Seng, a Malaysian male aged 48, is our Project Manager. He is responsible for conducting feasibility studies for new projects, liaising with consultants and contractors during project execution, and managing overall project budgets and delivery times.

He graduated with a Diploma of Electrical/Electronic Engineering from Institut Teknologi Pertama Malaysia in 1996.

He has over 26 years of experience in the engineering, procurement, construction and commissioning ("**EPCC**") of palm oil milling projects for numerous large palm oil companies in Malaysia, Indonesia, the Philippines and Thailand. He began his career in 1997 as Project Executive in Besteel Berhad where he was involved in palm oil mill construction projects in Sabah and Sarawak, covering areas related to civil, structural, mechanical and electrical works. He left Besteel Berhad in 1999 and joined Salcon Engineering Berhad in 2000 as Project Engineer where he was responsible for the execution of palm oil mill construction projects in Malaysia and Indonesia, as well as ensuring timely completion and compliance with the design and technical specifications.

In 2003, he left Salcon Engineering Berhad and re-joined Besteel Berhad as Project Engineer where he was responsible for managing EPCC projects for palm oil mills based in Malaysia and Indonesia. In 2008, he left Besteel Berhad and joined Kraftmec Sdn Bhd as Project Manager where he was responsible for EPCC projects for palm oil mills based in Indonesia and Thailand. In 2010, he left Kraftmec Sdn Bhd and joined Perunding HMT Sdn Bhd as Project Manager where he was responsible for the preparation of tender documents and drawings of palm oil mill construction projects which includes attending site meetings with clients, liaising with contractors and suppliers to ensure compliance with contract specifications for projects based in Malaysia, Philippines and Indonesia.

He left Perunding HMT Sdn Bhd and joined MKH Resources as Project Manager in January 2021 where he was involved in coordinating the execution of projects undertaken by MKHOP. He was then transferred to our Company in April 2021 pursuant to an internal restructuring, assuming the position he presently holds.

Presently, he does not hold any directorships in any private and public limited companies.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.4 and below, none of our key senior management are involved in any other principal business activities outside our Group as at LPD. The following table sets out the principal directorships of our key senior management outside our Group and the principal business activities performed by our key senior management outside our Group as at LPD and those other principal directorships of our key senior management outside our Group that where held within the past 5 years preceding LPD:

(a) Tang Hee Teik

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
PT Nusantara Makmur Jaya	Dormant with intended activity of exporting plantation and agricultural products	President Director	29 October 2021	-	-	-

Past involvement

Nil

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5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.5) for services rendered in all capacities to our Group for FYE 2022 to FYE 2024 are as follows:

	(1)Remuneration band		
	FYE 2022 (Paid)	**FYE 2023 (Paid)**	**FYE 2024 (Proposed)**
		RM'000	
Tang Hee Teik	300 – 350	350 – 400	400 – 450
Tan Soo Hoon	200 – 250	250 – 300	250 – 300
Keng Ching Tong	150 – 200	150 – 200	200 – 250
Lee Kong Seng	150 – 200	150 – 200	150 – 200

Note:

(1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

(a) set corporate values and promote good corporate governance culture within our Company and our Group, which reinforces ethical, prudent and professional behaviour to ensure our obligations to shareholders and stakeholders are met;

(b) review and approve management's proposals for our Group on matters including but not limited to the overall corporate strategy, business plan, annual budgets and regulatory plan, and monitor its implementation by management;

(c) review and approve and oversee the implementation of strategic initiatives and business plans of our Group's business that support sustainability and long term value creation and includes strategies on economic, environmental and social and governance considerations underpinning sustainability;

(d) evaluate, modify (if deemed necessary) and approve modifications to the approved business plans and annual budgets (including capital expenditure budget) based on a fair evaluation and robust discussion of the underlying assumptions;

(e) formulate, review, approve and ensure compliance of all major policies of our Group;

(f) ensure that all members of our Board and the management have the necessary skills and experience, and there are measures in place to provide for the orderly succession of our Board members and senior management of our Group;

(g) identify principal business risks faced by our Group and ensure the implementation of an appropriate internal controls and risk management framework to mitigate and address such risks;

(h) set the risk appetite within which our Board expects management to operate, and ensure that there is an appropriate risk management framework and internal controls to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

(i) establish the appropriate Board sub-committees where required, and be responsible for all decisions made by the sub-committees;

(j) review the adequacy and integrity of our Group's financial and non-financial reporting, internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

(k) review and approve the financial statements encompassing annual audited accounts, dividend policy, credit facilities from financial institutions and guarantees;

(l) approve the appointment of all external advisers and their related advisory fees subject to the approved authorised limits; and

(m) carry out or perform such other functions as deemed necessary in the discharge of its fiduciary duties under the relevant laws, rules and regulations.

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting ("**AGM**"). At the first AGM of our Company, all our Directors shall retire from office, and at the AGM in every subsequent year, one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	Date of appointment as Director	Date of expiration of the current term in office	Tenure up to LPD
Tan Sri Alex Chen	19 November 2004	Subject to retirement by rotation at the 22nd AGM in 2027	19 years and 3 month
Tan Sri Eddy Chen	19 November 2004	Subject to retirement by rotation at the 20th AGM in 2025	19 years and 3 month
Dato' Lee Khee Meng	30 July 2021	Subject to retirement by rotation at the 22nd AGM in 2027	2 years and 7 months
Chen Wei Chyong	30 July 2021	Subject to retirement by rotation at the 22nd AGM in 2027	2 years and 7 months
Yeo Kiat Seng	11 August 2022	Subject to retirement by rotation at the 21st AGM in 2026	1 year and 6 months
Leong Sow Yoke	20 May 2022	Subject to retirement by rotation at the 20th AGM in 2025	1 year and 9 months
Ong Kim Pin	11 August 2022	Subject to retirement by rotation at the 20th AGM in 2025	1 year and 6 months
Tan Hoe Hing	11 August 2022	Subject to retirement by rotation at the 21st AGM in 2026	1 year and 6 months
Dr Hasuria Binti Che Omar	11 August 2022	Subject to retirement by rotation at the 21st AGM in 2026	1 year and 6 months
Yahya Bin Ariffin	11 August 2022	Subject to retirement by rotation at the 21st AGM in 2026	1 year and 6 months

The members of our Board are set out in Section 5.2.

Our Directors who are deemed as Independent Directors, as defined in the Listing Requirements, shall be subject to re-appointment in the manner described above. Our Group has adopted all the practices recommended by the MCCG.

5.4.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 27 September 2022. The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. Our Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

(a) Risk Management

(i) Develop and inculcate a risk awareness culture within our Group;

(ii) Provide input to management regarding our Group's risk appetite and risk tolerance;

(iii) Provide in-depth governance of risks for our Group;

(iv) Review and robustly assess the design, completeness and effectiveness of the risk management framework relative to our Group's activities to ensure key risks are systematically identified, monitored and controlled;

(v) Oversee the key guidelines and policies governing our Group's significant processes for risk assessment and risk management;

(vi) Report to our Board regarding our Group's risk exposures, including review risk assessment model used to monitor the risk exposures and management's views on the acceptable and appropriate level of risks faced by our Group's business units;

(vii) Monitor and ensure the timeliness of and reports on the effectiveness of corrective action taken;

(viii) Ensure resources and systems are in place for the risk management function; and

(ix) Review the implementation and adequacy of our Group's business continuity plan.

(b) Internal Controls

(i) Evaluate the overall adequacy and effectiveness of the system of internal control including IT controls to prevent data breaches and cybersecurity threats, our Group's financial, audit and accounting organisations and personnel and our Group's policies and compliance procedures with respect to business practices, through a review of the results of work performed by internal and external auditors and other consultants, where required and discussions with management;

(ii) Provide oversight of sustainability reporting by ensuring the effective identification, management and reporting of material sustainability matters (i.e. risks and opportunities) affecting the economic, environmental and social aspects of our Group's businesses towards achievement of sustainability goals across our Group;

(iii) Review the annual statement on risk management and internal control and sustainability reporting to be published in our Company's annual report; and

(iv) Review the whistle-blowing policy and the outcome of any defalcation cases investigated.

(c) Internal Audit

(i) Mandate the internal audit department or internal audit service providers to report directly to our Audit and Risk Management Committee;

(ii) Review the adequacy of the scope, functions, competency and resources of the internal audit and compliance functions, and that each function has the necessary independence and authority to carry out its work, which should be performed professionally and with impartiality and proficiency;

(iii) Review internal audit reports, discuss major findings and deficiencies in internal controls and ensure that appropriate and prompt remedial action is taken by the management on lapses in internal controls or procedures that are identified by internal audit;

(iv) Review the results of ad-hoc investigations performed by the internal auditors and the actions taken relating to those investigations (where applicable);

(v) Review the results of annual assessment performed on the internal audit function;

(vi) Review any difficulties encountered in the course of audit or compliance work, including any restrictions on the scope of activities or access to required information;

(vii) Review and challenge the internal audit charter, internal audit annual budget, audit and compliance plans and audit methodology, to the extent applicable and ensure adequacy of their scopes, robustness in the planning process and sufficient resources to implement the plans independently and objectively, and that they have the necessary authority to carry out their work;

(viii) Approve the internal audit charter, when applicable, which defines the purpose, authority, scope and responsibilities of the internal audit function within our Group;

(ix) Approve any appointment or termination of internal audit service provider or senior staff members of the internal audit function, namely our Head of Internal Auditor and his/her deputy, if any;

(x) Review the appraisal or assessment of performance of the Head of Internal Auditor and his/her deputy, if applicable;

(xi) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(xii) Direct any special investigations to be carried out by internal audit as and when necessary and consider the major findings of the internal investigations and management's response; and

(xiii) Review our Audit and Risk Management Committee report to be published in our Company's annual report.

(d) External Audit

(i) Consider and make recommendations to our Board in relation to the nomination and re-appointment of the external auditors, audit fees, resignation or dismissal of the external auditors, by reviewing the engagement, compensation, performance, qualifications and independence of the external auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services;

(ii) Monitor the effectiveness of the external auditors' performance and their independence and objectivity;

(iii) Discuss with the external auditors before the audit commences, the nature and scope of the audit, the audit plan, and ensure co-ordination where more than one audit firm is involved;

(iv) Review major findings raised by the external auditors including the external auditors' management letter and management's responses, including the status of the previous audit recommendations;

(v) Discuss audit findings arising from the interim and final audits, and any matter the external auditors may wish to discuss (in absence of management or executive directors, at least twice a year or where necessary);

(vi) Provide a direct line of communication between our Board and the external auditors;

(vii) Review the extent of assistance and co-operation extended by our Group's employees to the external auditors, including any difficulties or disputes with management encountered during the audit;

(viii) Review and monitor the provision of non-audit services by the external auditors; and

(ix) Responsible for requiring our Company's external auditors to submit on a periodic basis to our Audit and Risk Management Committee a formal written statement delineating all relationships between the external auditors and our Company, consistent with International Standard on Auditing (ISA) 260, "Communication with Those Charged with Governance" modified as appropriate based on the Malaysian guidelines for auditors independence, and to obtain confirmation from them that they are and have been, independent throughout the conduct of the audit engagement.

(e) Compliance

(i) The adequacy of the processes and systems in place across our Company or Group to ensure compliance with all laws, regulations and rules established by all relevant regulatory bodies;

(ii) Review all findings arising from any examinations by regulatory authorities;

(iii) Obtain updates from our management and our legal counsel regarding regulatory compliance matters;

(iv) Review and consider any related party transaction and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(v) Review the annual internal and external audit reports on matters relating to compliance;

(vi) Assess the performance of our Heads of Departments on annual basis; and

(vii) Consider any material breaches or exposure to breaches of regulatory requirements, including our Group's anti-bribery and corruption policy.

(f) Related party transactions and conflict of interest

(i) Review any related party transactions and conflict of interest situations and where appropriate, make recommendations to our Board for approval that such transactions are at arm's length and are in the best interest of our Group, including any transaction, procedure or course of conduct that raises questions of management integrity; and

(ii) Review the process used to procure our shareholders' mandate for recurrent related party transactions.

(g) Whistleblowing

(i) Our Audit and Risk Management Committee shall exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblower Policy and Procedures for our Group; and

(ii) Our Audit and Risk Management Committee shall report to our Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of our Board.

(h) Other responsibilities

(i) Review and assess the adequacy of the terms of reference (where necessary), with the assistance of management, the external auditors and legal counsel; and

(ii) Perform any other duties as may be mutually agreed by our Audit and Risk Management Committee and our Board from time to time.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at LPD are as follows:

Name	**Designation**	**Directorship**
Leong Sow Yoke	Chairperson	Independent Non-Executive Director
Ong Kim Pin	Member	Independent Non-Executive Director
Yahya Bin Ariffin	Member	Independent Non-Executive Director
Tan Hoe Hing	Member	Independent Non-Executive Director

Our Nominating Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

5.4.3 Nominating Committee

Our Nominating Committee was established by our Board on 27 September 2022. The duties and responsibilities as stated in the terms of reference of our Nominating Committee include the following:

(a) identify, evaluate and recommend new candidates to our Board and any Board committee of our Group based on recommendations from existing Directors, management or major shareholders and other independent sources. In making its recommendation, our Nominating Committee shall refer the fit and proper policy and consider the candidates:

   (i) age, gender, cultural background, track record, skills, knowledge, expertise and experience;

   (ii) professionalism, integrity, contribution, performance and time commitment;

   (iii) in the case of candidates for the position of Independent Non-Executive Directors, the candidate's independence and ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and

   (iv) other commitment and time available to contribute inputs to our Board.

(b) review on a periodic basis, the appropriate size, a balanced composition with a diverse mix of skills, knowledge, qualifications, experience, age, cultural background and gender diversity of our Board in order to ensure its effectiveness in discharging its duties, and having regard to the MCCG;

(c) assess on a periodic basis the independence of independent directors and that the Directors and officers of our Group meet the identified independence criteria and are not disqualified under the relevant regulations;

(d) review and recommend the continuation in office of independent director(s) who has/have served a cumulative term of nine years as an independent director at our AGM;

(e) establish and recommend for our Board's approval, a mechanism for the formal assessment of the performance of our Board as a whole, our Board committees, individual Directors, and each member of our Board committees;

(f) identify, evaluate and recommend or approve, as the case may be, the appointment of key management of our Group;

(g) review succession planning and senior management development, including nominations to our Board, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;

(h) recommend to our Board suitable induction and training programs to ensure our Directors and Board committee members keep abreast with latest developments and for the closure of skill gaps;

(i) review and recommend Directors of our Group who are retiring by rotation to be put forward for re-election taking into consideration of their performance and ability to contribute to the Board of our Group in terms of knowledge, skills, experience and fit and proper criteria;

(j) ensure that a statement on the activities of the Nominating Committee in the discharge of its nomination duties for the financial year is included in our Company's annual report; and

(k) carry out such other responsibilities as may be delegated by our Board from time to time and such other matters as the Nominating Committee considers appropriate.

The recommendations of our Nominating Committee are subject to the approval of our Board.

The members of our Nominating Committee as at LPD are as follows:

Name	Designation	Directorship
Dr Hasuria Binti Che Omar	Chairperson	Independent Non-Executive Director
Tan Hoe Hing	Member	Independent Non-Executive Director
Yeo Kiat Seng	Member	Non-Independent Non-Executive Director

5.4.4 Remuneration Committee

Our Remuneration Committee was established by our Board on 27 September 2022. The duties and responsibilities as stated in the terms of reference of our Remuneration Committee include the following:

(a) assist our Board in determining the policy and structure for the compensation of Non-Executive Directors and remuneration of the Executive Directors and key management of our Group against each individual's responsibility and seniority;

(b) review and approve annual salary increments and bonuses of Executive Directors and Senior Executives of our Group based on each individual Director's and Senior Executives individual performance and Company's operating results;

(c) recommend to our Board the remuneration of our Executive Directors in all its forms, comparable within the industry and with comparable companies and drawing from outside advice as necessary;

(d) in the case of Non-Executive Directors, the determination of their remuneration is a matter for our Board as a whole and the level of remuneration reflects the experience and level of responsibility undertaken by the particular Non-Executive Director concerned;

(e) ensure that the levels of remuneration for Executive Directors are structured according to the skills, experience and performance of the Executive Directors in order to attract, retain and motivate the Executive Directors to run our Group in ways that enhance our Group's long-term profitability and value;

(f) recommend the appointment and promotion of senior executives within our Group, determine their salaries and recommend salary increments and bonuses; and

(g) assist our Board in making disclosures concerning the activities of the Remuneration Committee in the discharge of its duties for the financial year, to be included in our Company's annual report.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Tan Hoe Hing	Chairperson	Independent Non-Executive Director
Dr Hasuria Binti Che Omar	Member	Independent Non-Executive Director
Yahya Bin Ariffin	Member	Independent Non-Executive Director

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no associations and family relationships between our Promoters, Directors, substantial shareholders and key senior management as at LPD:

(a) Tan Sri Alex Chen, Tan Sri Eddy Chen and Datuk Chen Fook Wah are brothers;

(b) Tan Sri Alex Chen and Chen Wei Chyong are father and daughter;

(c) Tan Sri Eddy Chen and Datuk Chen Fook Wah are uncles of Chen Wei Chyong;

(d) Tan Sri Alex Chen, Tan Sri Eddy Chen and Datuk Chen Fook Wah are the Executive Directors and substantial shareholders of MKH;

(e) Tan Sri Alex Chen, Tan Sri Eddy Chen and Datuk Chen Fook Wah are the directors and substantial shareholders of CCSR;

(f) Metro Kajang (Oversea) is a wholly-owned subsidiary of MKH;

(g) MKH Plantation is a wholly-owned subsidiary of MKH; and

(h) Tan Sri Alex Chen, Tan Sri Eddy Chen and Datuk Chen Fook Wah are the directors of Metro Kajang (Oversea).

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management.

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following (whether in or outside Malaysia):

(a) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which he/she was a Director or a member of key senior management;

(b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(d) in the last 10 years, any judgment that was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;

(e) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;

(f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;

(g) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(h) has any unsatisfied judgment against such person.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Companies Act 1965 on 10 August 2004 as a private company limited by shares under the name of Detik Merdu Sdn Bhd and is deemed registered under the Act. On 7 January 2021, we changed our name to MKH Global Plantation Sdn Bhd. Subsequently, on 1 October 2021, we further changed our name to MKH Oil Palm (East Kalimantan) Sdn Bhd. On 11 August 2022, our Company was converted into a public company limited by shares and assumed our present name.

Our Company's principal activities are investment holding and management services. Through our subsidiaries, we are principally involved in the cultivation of oil palm and production and sale of CPO and PK. The principal activities of our subsidiaries are set out in Section 6.4.

There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our issued share capital is RM250.82 million comprising 803,590,845 Shares. The movements in our share capital since the date of our incorporation are set out below:

(a) Ordinary shares

Date of allotment	No. of Shares allotted	Consideration/ Type of issue	Cumulative share capital	
			RM	No. of Shares
10 August 2004	2	RM2/ Subscriber's shares	2	2
16 August 2006	99,998	RM99,998/ Cash	100,000	100,000
28 September 2018	26,561,050	RM26,561,050/ Otherwise than cash	26,661,050	26,661,050
28 September 2018	38,950	RM38,950/ Cash	26,700,000	26,700,000
23 September 2019	4,685	RM4,685/ Cash	26,704,685	26,704,685
23 September 2019	35,963,315	RM35,963,315/ Otherwise than cash	62,668,000	62,668,000
30 June 2021	47,800,000	Nil/ Redemption and conversion of 478,000 RCPS by way of a fresh issue	110,468,000	110,468,000
26 September 2023	-	(RM30,000,000)/ Capital reduction	80,468,000	110,468,000
29 November 2023	552,340,000	Nil/ Share Split	80,468,000	662,808,000
20 December 2023	44,227,859	RM53,515,709/ Allotment of shares pursuant to the Acquisition of PT MKH	133,983,709	707,035,859

Date of allotment	No. of Shares allotted	Consideration/ Type of issue	Cumulative share capital	
			RM	No. of Shares
20 December 2023	23,028,035	RM27,863,922/ Allotment of shares pursuant to the Acquisition of PT SPS	161,847,631	730,063,894
11 January 2024	52,463,315	RM63,480,612/ Allotment of shares pursuant to the Capitalisation[(1)]	225,328,243	782,527,209
11 January 2024	21,063,636	RM25,487,000/ Allotment of shares pursuant to the Capitalisation[(2)]	250,815,243	803,590,845

Notes:

(1) The Shares were allotted by way of capitalising the entire amount owing by our Company to Metro Kajang (Oversea) of RM63,480,612 pursuant to the Capitalisation. Please refer to Section 6.2.4 for further details of the Capitalisation.

(2) The Shares were allotted by way of capitalising RM25,487,000, being part of the amount owing by our Company to MKH Plantation of RM55,487,000 pursuant to the Capitalisation. Please refer to Section 6.2.4 for further details of the Capitalisation.

(b) RCPS

Date of allotment	No. of RCPS allotted/ (redeemed)	Consideration/ Type of issue	Cumulative share capital
			RM
27 May 2011	420,000	RM42,000,000/ Cash	42,000,000
1 July 2013	58,000	RM5,800,000/ Cash	47,800,000
30 June 2021	(478,000)	Nil/ Redemption and conversion of RCPS	-

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM387.22 million comprising 1,023,590,845 Shares.

6.2 PRE-IPO REORGANISATION

In preparation for our Listing, we have undertaken the Pre-IPO Reorganisation comprising the Share Split, Acquisition of PT MKH, Acquisition of PT SPS and Capitalisation.

Details of the Pre-IPO Reorganisation undertaken by our Group are as follows:

6.2.1 Share Split

Our Company had on 29 November 2023 undertaken a subdivision of every 1 existing MKHOP Share into 6 new MKHOP Shares.

Upon completion of the Share Split, the resultant number of MKHOP Shares in the issued share capital of our Company is as follows:

	No. of MKHOP Shares	Issued share capital
		RM
Existing	110,468,000	80,468,000
Issued under the Share Split	552,340,000	-
	662,808,000	**80,468,000**

The Share Split had not resulted in any change to our Company's cumulative value of issued share capital.

6.2.2 Acquisition of PT MKH

On 29 March 2023, our Company entered into a conditional share sale agreement with Metro Kajang (Oversea) and PT Hikmat to acquire a total of 27,634 ordinary shares in PT MKH representing 5.7% equity interest for a total purchase consideration of RM53.5 million which was satisfied via the issuance of 44,227,859 new MKHOP Shares (after the Share Split) to the vendors at an issue price of RM1.21 each ("**PT MKH SSA**").

Details of the vendors and the number of MKHOP Shares issued to the vendors are set out below:

	Shareholdings in PT MKH			
Vendor of PT MKH	**No. of shares acquired**	**% of share capital**	**Purchase consideration**	**No. of MKHOP Shares issued**
			RM	
Metro Kajang (Oversea)	3,248	0.7	6,290,410	5,198,686
PT Hikmat	24,386	5.0	47,225,299	39,029,173
	27,634	**5.7**	**53,515,709**	**44,227,859**

The purchase consideration for the Acquisition of PT MKH of RM53.5 million was arrived at on a "willing-buyer willing-seller" basis and after taking into consideration the revalued NA of PT MKH (as detailed below) as it more accurately represents the carrying value of PT MKH's plantation assets after taking into consideration their market value. The issue price of RM1.21 per MKHOP Share is based on the revalued NA per share of MKHOP after accounting for the aforementioned revaluation, with a discount of approximately 10.8%.

	RM
Audited NA of PT MKH as at 30 September 2022	279,716,825
Add: Net revaluation surplus[(1)]	664,789,159
Revalued NA of PT MKH	**944,505,984**

Note:

(1) The net revaluation surplus was arrived at as follows:

	RM
Market value of PT MKH's oil palm plantation, palm oil mill and CPO bulking station with jetty as at 21 December 2022 based on the valuation reports	1,097,830,000
Less: NBV of PT MKH's oil palm plantation, palm oil mill and CPO bulking station with jetty as at 30 September 2022	245,536,206
Less: Deferred tax liabilities (at 22.0%)	187,504,635
Net revaluation surplus	**664,789,159**

The Acquisition of PT MKH was completed on 20 December 2023 and PT MKH became our wholly-owned subsidiary. Further, pursuant to Paragraph 5 of Article 7 of the Indonesian Company Law, PT MKH is required to have a minimum of 2 shareholders within 6 months upon completion of the Acquisition of PT MKH, where its number of shareholders reduces below 2. As such, upon completion of the Acquisition of PT MKH and before the implementation of the IPO, MKHOP has transferred 1 ordinary share it owns in PT MKH to Hala Maju. Hala Maju remains as the shareholder of the 1 ordinary share in PT MKH to comply with Paragraph 1 of Article 7 the Indonesian Company Law.

6.2.3 Acquisition of PT SPS

On 29 March 2023, our Company entered into a conditional share sale agreement with MKH Plantation, Ivakijaya and PT Hikmat to acquire a total of 9,300 ordinary shares in PT SPS representing the entire equity interest for a total purchase consideration of RM27.9 million which was satisfied via the issuance of 23,028,035 new MKHOP Shares (after the Share Split) to the vendors at an issue price of RM1.21 each ("**PT SPS SSA**"). The issue price of RM1.21 per MKHOP Share was arrived at on the same basis as that of the Acquisition of PT MKH.

Details of the vendors and the number of MKHOP Shares issued to the vendors are set out below:

	Shareholdings in PT SPS			
Vendor of PT SPS	**No. of shares acquired**	**% of share capital**	**Purchase consideration**	**No. of MKHOP Shares issued**
			RM	
MKH Plantation	6,975	75.0	20,897,942	17,271,026
Ivakijaya	1,860	20.0	5,572,784	4,605,607
PT Hikmat	465	5.0	1,393,196	1,151,402
	9,300	**100.0**	**27,863,922**	**23,028,035**

The purchase consideration for the Acquisition of PT SPS of RM27.9 million was arrived at on a "willing-buyer willing-seller" basis and after taking into consideration the revalued NA of PT SPS (as detailed below) as it more accurately represents the carrying value of PT SPS' plantation assets after taking into consideration their market value. The issue price of RM1.21 per MKHOP Share is based on the revalued NA per share of MKHOP after accounting for the aforementioned revaluation, with a discount of approximately 10.8%.

	RM
Audited net liabilities of PT SPS as at 30 September 2022[(1)]	(9,668,871)
Add: Net revaluation surplus[(2)]	37,532,793
Revalued NA of PT SPS	**27,863,922**

Notes:

(1) Notwithstanding the net liabilities position of PT SPS, our Board is of the view that the plantation assets of PT SPS, which are located adjacent to the plantation land owned by PT MKH, forms part of the entire plantation operations of our Group in East Kalimantan, Indonesia, and will continue to generate returns to our Group after our Listing.

(2) The net revaluation surplus was arrived at as follows:

	RM
Market value of PT SPS' oil palm plantation as at 21 December 2022 based on the valuation report	104,450,000
Less: NBV of PT SPS' oil palm plantation as at 30 September 2022	56,331,034
Less: Deferred tax liabilities (at 22.0%)	10,586,173
Net revaluation surplus	**37,532,793**

The Acquisition of PT SPS was completed on 20 December 2023 and PT SPS became a wholly-owned subsidiary of our Company. Further, pursuant to Paragraph 5 of Article 7 of the Indonesian Company Law, PT SPS is required to have a minimum of 2 shareholders within 6 months upon completion of the Acquisition of PT SPS, where its number of shareholders reduces below 2. As such, upon completion of the Acquisition of PT SPS and before the implementation of the IPO, MKHOP has transferred 1 ordinary share it owns in PT SPS to Hala Maju. Hala Maju remains as the shareholder of the 1 ordinary share in PT SPS to comply with Paragraph 1 of Article 7 of the Indonesian Company Law.

6.2.4 Capitalisation

We have undertaken the Capitalisation whereby:

(a) PT MKH novated an amount owing to Metro Kajang (Oversea) of RM54,966,141 to our Company ("**PT MKH Debt Novation**");

(b) PT SPS novated an amount owing to MKH Plantation of RM55,487,000 to our Company ("**PT SPS Debt Novation**");

(c) Our Company capitalised the entire amount owing by our Company to Metro Kajang (Oversea) of RM8,514,471 as at 30 September 2022;

(d) Our Company capitalised the entire amount owing by our Company to Metro Kajang (Oversea) pursuant to PT MKH Debt Novation, being RM54,966,141 as at 30 September 2022; and

(e) Our Company capitalised RM25,487,000, being part of the entire amount owing by our Company to MKH Plantation pursuant to PT SPS Debt Novation, i.e. RM55,487,000 as at 30 September 2022.

Details of the number of MKHOP Shares issued to Metro Kajang (Oversea) and MKH Plantation, based on the issue price of RM1.21 per MKHOP Share, pursuant to the Capitalisation are set out below:

	Amount owing as at 30 September 2022	**Amount capitalised**	**No. of MKHOP Shares issued**	**Balance amount owing**
	RM	**RM**		**RM**
Metro Kajang (Oversea)	63,480,612	63,480,612	52,463,315	-
MKH Plantation	55,487,000	25,487,000	21,063,636	30,000,000
	118,967,612	**88,967,612**	**73,526,951**	**30,000,000**

The balance amount owing by our Company to MKH Plantation after the Capitalisation of RM30.0 million will be repaid by our Company from the proceeds to be raised from our Public Issue as disclosed in Section 4.9.1(g).

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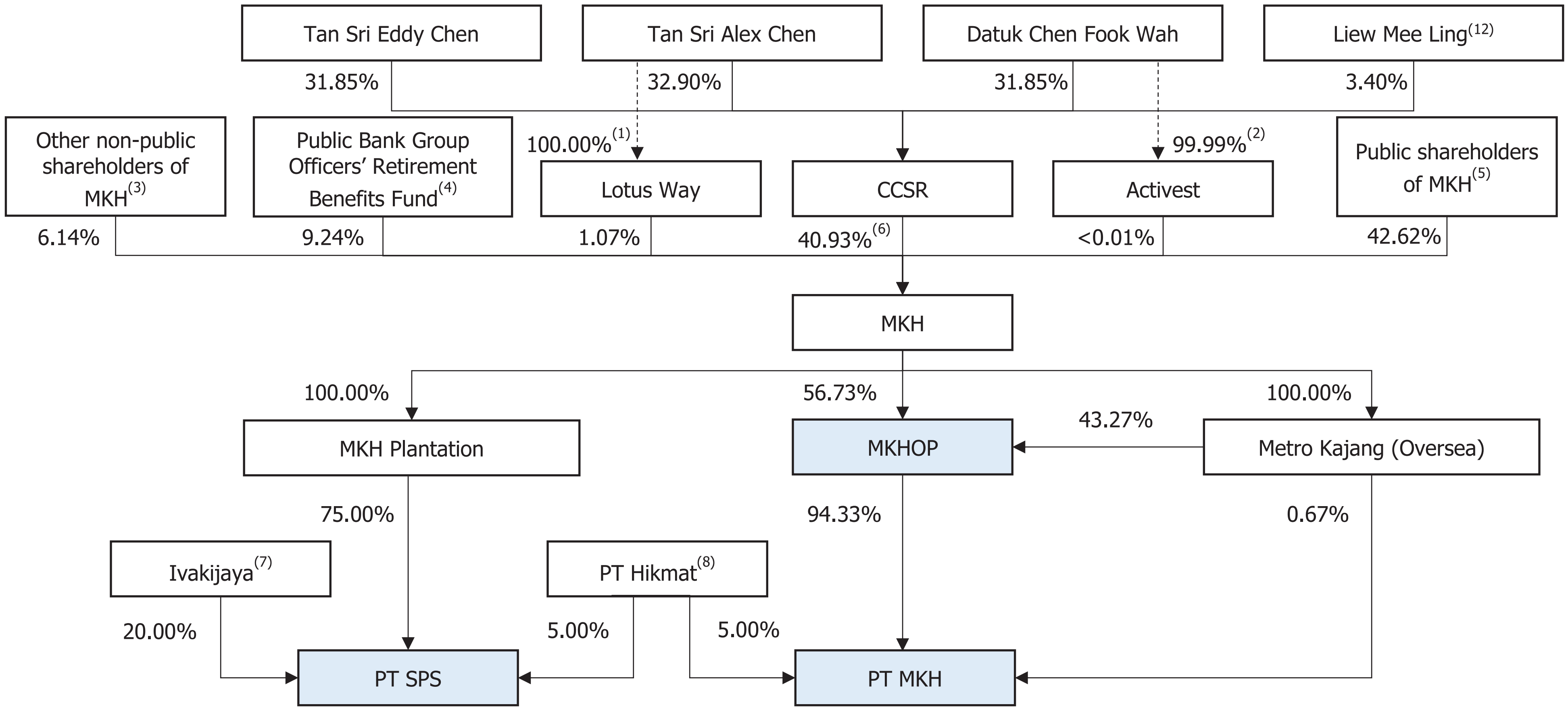
6. INFORMATION ON OUR GROUP *(Cont'd)*

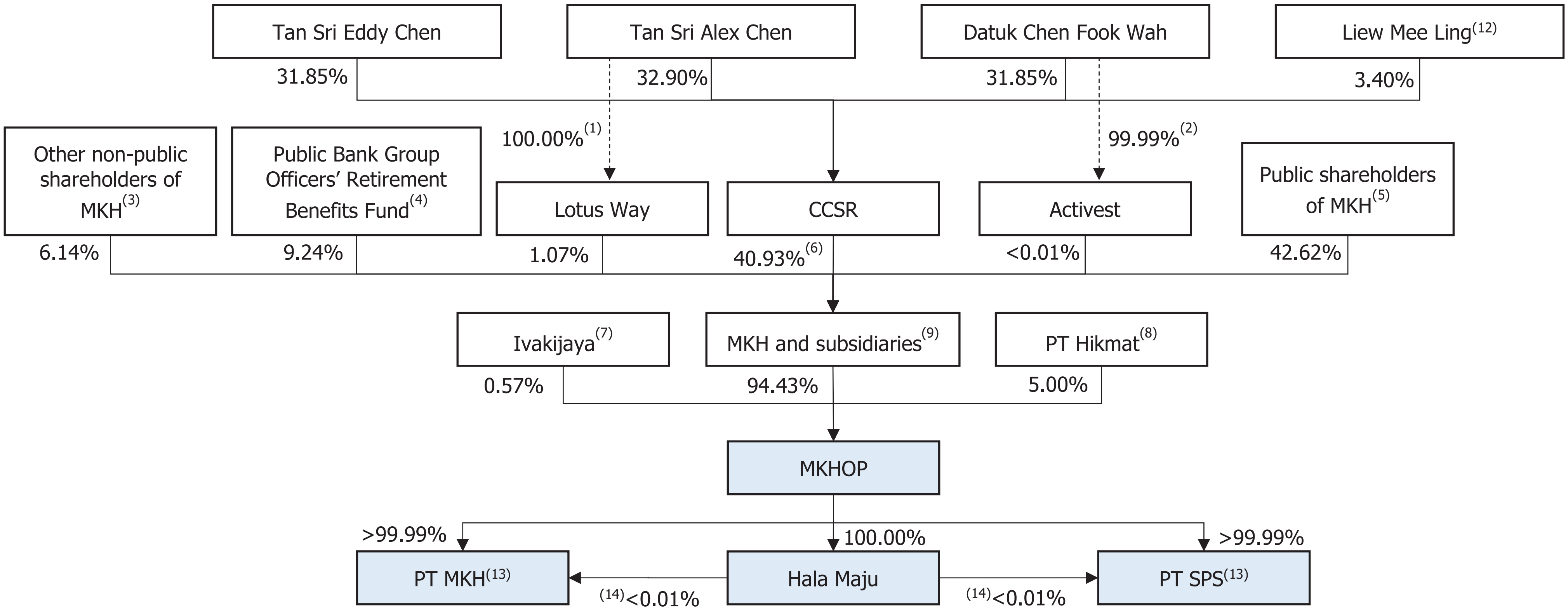
6.3 GROUP STRUCTURE

Before the Pre-IPO Reorganisation

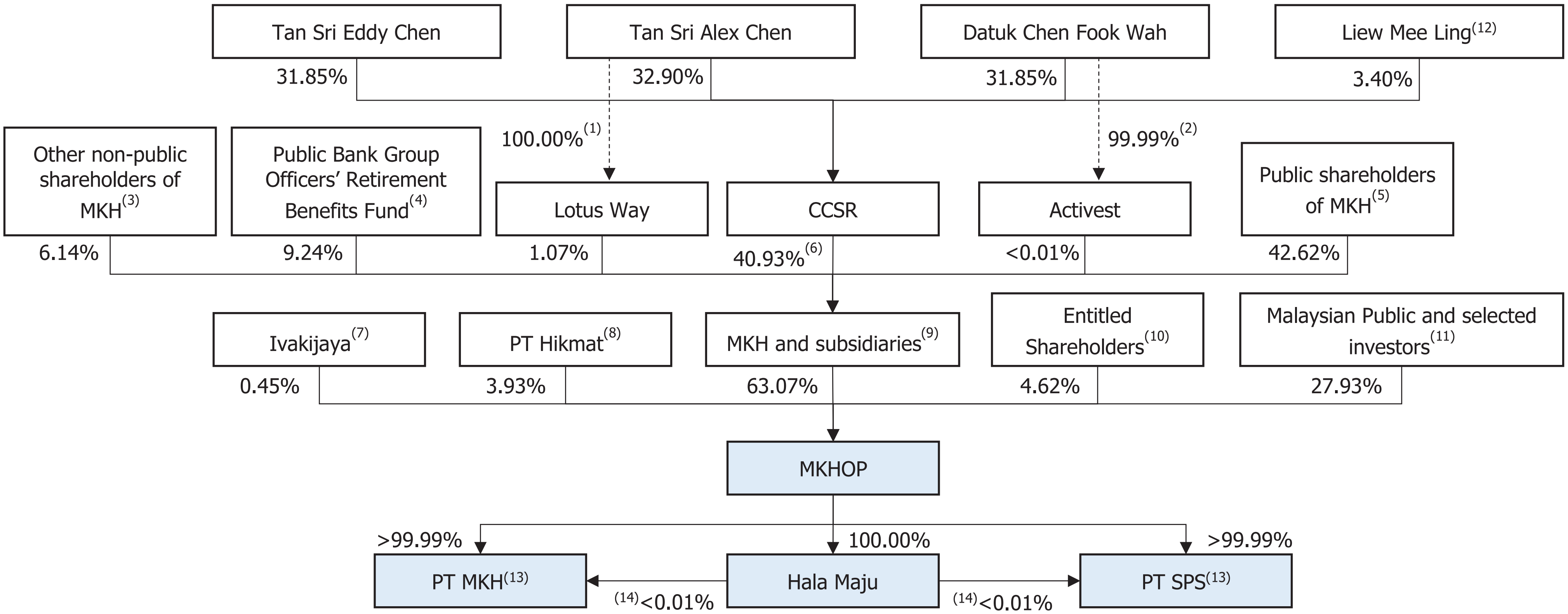


6. INFORMATION ON OUR GROUP *(Cont'd)*

After the Pre-IPO Reorganisation but before the Distribution and our IPO



After the Distribution and our IPO



6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) As at LPD, Lotus Way is wholly-owned by Tan Sri Dato' Alex Chen (L) Foundation and the ultimate beneficial owner of Lotus Way is Tan Sri Alex Chen, holding the entire equity interest in Tan Sri Dato' Alex Chen (L) Foundation.

(2) As at LPD, the ultimate beneficial owner of Activest is Datuk Chen Fook Wah, holding approximately 99.99% equity interest in Activest. The remaining equity interest (< 0.01%) in Activest is held by Chen Wei Sern, son of Datuk Chen Fook Wah.

(3) Other non-public shareholders of MKH collectively holding 6.14% equity interest in MKH which include the following:

(i) Tan Sri Alex Chen's direct equity interest in MKH (0.05%) and AllianceGroup Nominees (Tempatan) Sdn Bhd for Tan Sri Alex Chen (1.84%);

(ii) Tan Sri Eddy Chen's direct equity interest in MKH (1.84%) and AllianceGroup Nominees (Tempatan) Sdn Bhd for Liberty Alliance (M) Sdn Bhd (1.54%). The direct substantial shareholder of Liberty Alliance (M) Sdn Bhd is Tan Sri Eddy Chen (99.99%) where the remaining shareholders are Puan Sri Datin Tan Sou Yee (<0.01%), spouse of Tan Sri Eddy Chen, Chen Wei Jia (<0.01%), Chen Yunn Li (<0.01%) and Chen Yunn Shin (<0.01%), all 3 of them are daughters of Tan Sri Eddy Chen;

(iii) Datuk Chen Fook Wah's direct equity interest (0.03%) and indirect equity interest held through RHB Nominees (Tempatan) Sdn Bhd (0.11%) in MKH;

(iv) Direct equity interests in MKH of Directors of MKH's subsidiaries companies (0.73%); and

(v) Other shareholders holding less than 100 ordinary shares in MKH (<0.01%).

(4) Public Bank Group Officers' Retirement Benefits Fund holds 9.24% equity interest in MKH through its interests in Public Investment Nominees (Tempatan) Sdn Bhd. The ultimate beneficiaries of the fund are the eligible employees of the Public Bank Berhad group of companies.

(5) As at LPD, being the latest date of the Record of Depositors of MKH, MKH has 6,215 shareholders, of which 5,566 shareholders collectively holding approximately 42.62% equity interest in MKH are public shareholders. Other than CCSR and Public Bank Group Officers' Retirement Benefits Fund, there is no other direct substantial shareholder of MKH.

6. INFORMATION ON OUR GROUP *(Cont'd)*

(6) Including CCSR's direct equity interest in MKH (9.85%) and equity interests collectively held by nominee companies (31.08%) namely, HLB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd and Amsec Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad). The ultimate beneficial owners of CCSR are Tan Sri Alex Chen, Tan Sri Eddy Chen and Datuk Chen Fook Wah, collectively holding 96.60% equity interest in CCSR.

(7) As at LPD, the shareholders of Ivakijaya are Ong Khek Gee (50.00%) and Shamsol Anuar bin Rohani @ Rosani (50.00%). Ong Khek Ghee is the Commissioner of PT SPS and his responsibilities as a member of the Board of Commissioner in PT SPS include, amongst others, examining PT SPS' books and records, providing recommendations and receiving explanations to/from the board of directors of PT SPS, and approving the board of directors of PT SPS to obtain, assign, sell or transfer assets of PT SPS. Save for their equity interests in our Company through Ivakijaya after completion of the Acquisition of PT SPS as well as the role of Ong Khek Ghee as the Commissioner of PT SPS, both Ong Khek Ghee and Shamsol Anuar bin Rohani @ Rosani do not hold any role in our Group.

(8) As at LPD, the shareholders of PT Hikmat are Taufik Nugraha (50.00%) and Indria Gunawan Leman (50.00%).

(9) The equity interest of 63.07% in our Company is held by MKH (28.68%) and its wholly-owned subsidiaries, namely Metro Kajang (Oversea) (30.65%) and MKH Plantation (3.74%).

(10) Entitled Shareholder(s) that participate in the Distribution excluding public shareholders of MKH.

(11) Including Entitled Shareholder(s) which are public shareholders of MKH that will collectively hold 3.44% equity interest in the Company after the Distribution.

(12) Liew Mee Ling does not hold any role in our Group and is not a person connected to our Directors and/or substantial shareholders. Hence, she is not deemed interested in our Group as at LPD and after our Listing.

(13) Pursuant to Paragraph 5 of Article 7 of the Indonesian Company Law, both PT MKH and PT SPS are required to have a minimum of 2 shareholders within 6 months upon completion of the Acquisition of PT MKH and Acquisition of PT SPS respectively, where the number of shareholders in both PT MKH and PT SPS reduces below 2. As such, upon completion of the Acquisition of PT MKH and Acquisition of PT SPS and before the implementation of our IPO, MKHOP has transferred 1 ordinary share it owns in both PT MKH and PT SPS to Hala Maju. Hala Maju remains as the shareholder of the 1 ordinary share in both PT MKH and PT SPS to comply with Paragraph 1 of Article 7 of the Indonesian Company Law. Please refer to Sections 6.2.2 and 6.2.3 for further details on the Acquisition of PT MKH and Acquisition of PT SPS.

(14) Represents 1 ordinary share in each PT MKH and PT SPS held by Hala Maju.

6.4 SUBSIDIARIES

Details of our subsidiaries as at LPD are summarised as follows:

Company/ Registration number	Date/ Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
			IDR / RM	%	
PT MKH/ 8120014280519	9 September 2005/ Indonesia	Indonesia	IDR243,860,000,000	100.00	Oil palm plantation, crude oil palm industry and CPKO industry
PT SPS/ 8120019071063	20 October 2004/ Indonesia	Indonesia	IDR9,300,000,000	100.00	Oil palm plantation
Hala Maju/ 202301043241 (1537157-X)	1 November 2023/ Malaysia	Malaysia	RM1	100.00	Activities of holding companies

Details of the share capital of our subsidiaries are set out in Section 16.2.

As at LPD, we do not have any associated company.

6.4.1 PT MKH

PT MKH was incorporated in Republic of Indonesia on 9 September 2005 as a private limited company based on Deed No. 52 dated 9 September 2005, made before Achmad Dahlan, Sarjana Hukum ("**S.H.**"), Notary in Samarinda, Indonesia which has been approved by the Minister of Law and Human Rights ("**MOLHR**") by virtue of Decree of the MOLHR No. C-29498HT.01.01.TH.2005 dated 25 October 2005. PT MKH was established under the name of PT Khaleda Agroprima Malindo and subsequently assumed its present name on 9 November 2015. PT MKH is principally involved in oil palm plantation, crude oil palm industry and CPKO industry.

As at LPD, PT MKH is our wholly-owned subsidiary and PT MKH does not have any subsidiary or associated company.

Please refer to Section 16.2.1 for share capital of PT MKH as at LPD.

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.4.2 PT SPS

PT SPS was incorporated in Republic of Indonesia on 20 October 2004 as a private limited company based on Deed No. 205 dated 20 October 2004, made before Achmad Dahlan, S.H., Notary in Samarinda, Indonesia which has been approved by the MOLHR by virtue of Decree of the MOLHR No. C-08391HT.01.01.TH.2005 dated 30 March 2005. PT SPS is principally involved in oil palm plantation.

As at LPD, PT SPS is our wholly-owned subsidiary and PT SPS does not have any subsidiary or associated company.

Please refer to Section 16.2.2 for share capital of PT SPS as at LPD.

6.4.3 Hala Maju

Hala Maju was incorporated in Malaysia on 1 November 2023 as a private company limited by shares under the Act. Hala Maju is principally involved in the activities of holding companies.

As at LPD, Hala Maju is our wholly-owned subsidiary and Hala Maju does not have any subsidiary or associated company.

Please refer to Section 16.2.3 for share capital of Hala Maju as at LPD.

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6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts in the ordinary course of business) entered into by our Group for FYE 2020 to 2023 and up to LPD:

(a) Land/Building Lease Agreement

This agreement was entered into on 8 January 2021 between PT MKH and PT Profesional Telekomunikasi Indonesia ("**Protelindo**"), under which PT MKH leases a part of a plot of land under a HGU measuring approximately 270 sq m located at Jalan Seguntung Estate, Puan Cepak Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan Province and access right to such part of the plot of land ("**Leased Premise**") to Protelindo. The Leased Premise will be used by Protelindo to build and operate telecommunication towers, supporting foundations including facilities and other related equipment for use by telecommunication companies ("**Tower User**"), and Protelindo is granted with an exclusive right over the Leased Premise and is fully entitled to utilize and control the Leased Premise to carry out its business activities. The telecommunication tower enables mobiles telecommunication coverage in our plantation estate.

This agreement is valid for an initial period of 10 years, but valid retroactively from 27 May 2014 until 26 May 2024 ("**Initial Term**") and will be automatically renewed for 10 years ("**First Renewal Term**"), each based on Protelindo's discretion.

The lease fee for the Initial Term is IDR79,444,444 ("**Initial Term Lease Fee**") for any number of the Tower Users installed or to be installed at the Leased Premise. For the First Renewal Term, the lease fee would be adjusted with a 15%-increment, i.e., IDR91,361,111 ("**First Renewal Lease Fee**") for any number of the Tower Users installed or to be installed at the Leased Premise.

Issues pertaining to this agreement such as non-inclusion of land leasing as one of the objectives and purposes of PT MKH under its articles of association, and unavailability of land leasing-related licences for PT MKH (due to size of the land leased to Protelindo being insignificant, and leasing is not the main business activity of PT MKH nor is PT MKH generating any material income from the said lease), have been addressed by PT MKH through a statement letter confirming that the Initial Term Lease Fee was charged only as necessary to reimburse costs incurred by PT MKH to enable the use of the Leased Premise by Protelindo (i.e., for supply of electricity to the Leased Premise to energise the telecommunication towers erected thereon during the Initial Term). PT MKH will not bear any profit from the Initial Term Lease Fee pursuant to the Agreement during the Initial Term.

(b) Plasma Agreements

The Plasma Programme obligation essentially refers to the facilitation of construction of community plantation for a certain percentage of the total area of land (total area granted to the respective companies in their plantation business licences).

As part of the legal obligations under the law, under the Plasma Programme, our Group is required to develop a total of 2,226.0 Ha of plantation land for plantation development and management for the local cooperatives. In this respect, PT MKH and PT SPS have fulfilled the requirement and entered into plasma agreements, among others, with local cooperatives as follows:

Plasma Programme requirement				
Fulfilled by	**Land size (Ha)**	**Location**	**Plantation cooperative involved**	**Agreement no. (as listed below)**
PT MKH	(1)1,200	Desa Sedulang	Sawit Sendowan	(i)
	(1)406	Desa Puan Cepak	Sawit Sendowan	(1)(c)-
PT SPS	(1)300	Desa Sedulang	Sawit Sendowan	(i)
	(2)320	Desa Puan Cepak	Sawit Seguntung Jaya	(iii)
	2,226			

Notes:

(1) Pursuant to the Regulation of the Indonesian Minister of Agriculture No. 98/Permentan/OT.140/9/2013 on Guidelines on Plantation Business Licence of Cultivation as amended lastly by the Regulation of the Indonesian Minister of Agriculture No. 21/Permentan/KB.410/6/2017, any oil palm plantation company which obtained its IUP prior to 28 February 2007 and has implemented *Perusahaan Inti Rakyat* (PIR) Plantation Scheme, PIR with transmigration scheme or PIR with Credit Facility for Cooperation (*Kredit Koperasi Primer untuk Anggota*) or any other core-plasma cooperation is not required to develop and manage community/plasma plantations with a plantation area of at least 20.0% of the total planted area. In view that PT MKH obtained its IUP on 15 November 2005, PT MKH was not required to comply with the aforementioned obligations as it was not stated in the Plantation Business Licence of Cultivation (IUP) of PT MKH. Nevertheless, PT MKH and PT SPS have collaborated with Sawit Sendowan Plantation Cooperative pursuant to the Decree of Kutai Kartanegara dated 21 July 2009 on determination of plasma participants in the partnership program in the following manner:

(a) a total of 1,200.0 Ha of land for Sawit Sendowan Plantation Cooperative located at Desa Sedulang has been assigned to PT MKH to develop and manage;

(b) a total of 300.0 Ha of land for Sawit Sendowan Plantation Cooperative located at Desa Sedulang has been assigned to PT SPS to develop and manage; and

(c) a total of 406.0 Ha of land for Sawit Sendowan Plantation Cooperative located at Desa Puan Cepak has been assigned to PT MKH to develop and manage. There was no agreement entered into with Sawit Sendowan Plantation Cooperative in this respect as Sawit Sendowan Plantation Cooperative was unable to identify sufficient land for plasma plantation under Desa Puan Cepak. Thereafter, on 24 December 2012, PT MKH had entered into the Cooperation Agreement for Plasma Plantation Development with Sawit Seguntung Jaya Plantation Cooperative, as detailed in Section 6.5(b)(iv), to continue with the development and management of community/plasma plantations after discussion and agreement between PT MKH and the local farmers. For clarity, the entry into the Cooperation Agreement for Plasma Plantation Development with Sawit Seguntung Jaya Plantation Cooperative is in accordance with the Decree of Kutai Kartanegara dated 21 July 2009 on determination of plasma participants in the partnership program.

(2) In view that PT SPS obtained its IUP on 19 October 2009, PT SPS was required to develop and manage community/plasma plantations with a plantation area of at least 20.0% of the total planted area. Based on the principal agreement entered into with Sawit Seguntung Jaya Plantation Cooperative in September 2016, PT SPS was required to develop and manage approximately 320 Ha plantation area based on the planted area of 1,567 Ha at that point in time.

Following the rehabilitation and planting activities by PT SPS, the total planted area of PT SPS' plantation estate has increased to 1,996.4 Ha as at LPD. Pursuant thereto, the relevant supplemental agreement or addendum to the principal agreement in respect of the abovementioned Plasma Programme obligations shall be entered into between PT SPS and Sawit Seguntung Jaya Plantation Cooperative upon the issuance of IUP, which is expected to be obtained by 3rd quarter of 2023, for Sawit Seguntung Jaya Plantation Cooperative, whereby PT SPS shall be required to develop and manage a total of approximately 400 Ha of land (i.e. 320 Ha (already assigned to PT SPS) and 80 Ha (to be assigned to PT SPS)) being the plantation area to be assigned based on the Plasma Programme requirement of at least 20% of total planted area of approximately 1,996.4 Ha by Sawit Seguntung Jaya Plantation Cooperative.

PT MKH and PT SPS have entered into the following plasma agreements to set out the cooperation terms with the respective partnering plantation cooperatives as listed above. For avoidance of doubt, a total of 406.0 Ha of land for Sawit Sendowan Plantation Cooperative located at Desa Puan Cepak has been assigned to PT MKH to develop pursuant to the Decree of Kutai Kartanegara dated 21 July 2009 on determination of plasma participants in the partnership program. However, 182.8 Ha of the said land was deemed unsuitable for planting. As such, 182.8 Ha of land owned by PT SPS has been earmarked for transfer to the cooperative for fulfilment of PT MKH's obligation pursuant to the agreement (v) below. For clarity, the plasma obligations in relation to the remaining land area not addressed by the transfer of the 182.8 Ha plantation land is addressed pursuant to the Cooperation Agreement for Plasma Plantation Development dated 24 December 2012, which was entered into between PT MKH and Sawit Seguntung Jaya Plantation Cooperative, as detailed in Section 6.5(b)(iv), to continue with the development and management of community/plasma plantations after discussion between PT MKH and the local farmers.

(i) Tripartite Agreement with Sawit Sendowan Plantation Cooperative and PT Anugerah Urea Sakti on 27 September 2010.

Under this agreement, Sawit Sendowan Plantation Cooperative is referred to as the "**First Party**", PT MKH and PT SPS are collectively referred to as the "**Second Party**", and PT Anugerah Urea Sakti is referred to as the "**Third Party**".

The scope of the agreement is a cooperation between the First Party and the Second Party with a partnership pattern in development and management of oil palm plantation at plasma plantation owned by the First Party, located at Sedulang Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan Province, in the area of 1,500 Ha ("**First Party's Plasma Plantation**"), with the division of obligations between PT MKH and PT SPS based on land area and number of patriarchs. The Third Party was also appointed under the agreement to carry out development and management of plantation with a partnership pattern at the First Party's Plasma Plantation pursuant to the Decree of Kutai Kartanegara dated 21 July 2009 on determination of plasma participants in the partnership program for joint development under the Plasma Programme for Sawit Sendowan Plantation Cooperative.

The obligations of the Second Party and Third Party are differentiated based on the following:

(a) the Second Party's obligations are (i) to conduct observation at the First Party's Plasma Plantation location or the Third Party's office to obtain, examine and make copies and summaries of notes and reports prepared and maintain by the Third Party for monitoring purpose; and (ii) to place its employees in the implementation of development and management of the First Party's Plasma Plantation for monitoring purposes; and

(b) the Third Party's obligations are to carry out development and management of the First Party's Plasma Plantation, which include: (i) land clearing; (ii) nursery; (iii) cover cropping; (iv) oil palm planting; (v) maintenance of immature plants and mature plants; (vi) construction and maintenance of road infrastructure, bridges, channels and guardrails; (vii) harvesting and transportation; and (viii) land certification for oil palm plantation with partnership pattern in the form of right of ownership in the name of the First Party. The Third Party advances the development and management costs (including the cost for the palm oil FFB processing plant, if any), which will then be repaid by the First Party from the production of the First Party's Plasma Plantation as stipulated under this agreement.

Net income from the proceeds of sales of FFB will be applied in accordance with this agreement (settlement of the First Party's obligations to the bank, deduction by costs borne by the First Party to perform its obligations under the agreement), with a management fee of 5% for the Third Party, and the balance thereof will be distributed to its members (the First Party is a cooperative with members).

This agreement is valid until 1 December 2038 and may be extended by the parties. For avoidance of doubt, the appointment of Third Party under this agreement was terminated in December 2012 as the Third Party did not carry out the management and maintenance of the First Party's Plasma Plantation in a proper manner. The First Party and Second Party were not obliged to compensate the Third Party in any form as such termination was due to the Third Party's non-performance of its obligations in accordance with the terms and conditions of this agreement.

Thereafter, the Second Party continued to undertake the development and management of the First Party's Plasma Plantation as the terms of this agreement was still binding for the First Party and Second Party where the Second Party assumed the obligations and rights of the Third Party as stipulated in the agreement. The Second Party is entitled to a management fee of 5% (charged against the estate maintenance cost). Other than the management fee of 5%, the Second Party does not earn any revenue from the Plasma Programme.

(ii) Cooperation Agreement for Plasma Plantation Development between Sedulang Village Unit of Sawit Sendowan Plantation Cooperative with PT MKH and PT SPS with Plasma Core Partnership Pattern on 22 May 2017.

Under this agreement, Sedulang Village Unit of Sawit Sendowan Plantation Cooperative is referred to as the "**First Party**", PT MKH and PT SPS are collectively referred to as the "**Second Party**".

The scope of this agreement is the development and management of oil palm plantation by the Second Party over the land owned by farmers who are members of the First Party at Sedulang Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan Province in the area of 1,500 Ha. Further, this agreement re-confirms the Second Party's status as a Pioneer, Financier, and Guarantor of the First Party's plasma plantation.

The obligations of the Second Party are differentiated based on the periods (immature plants or mature plants). Additional obligations of the Second Party include, amongst others: (i) during immature plants period: prioritising members of the First Party for work opportunities if workers are required to develop the plantation; (ii) during mature plants period where credit facilities from the credit facility provider have not been repaid: purchasing all production of the First Party which standards are based on the ripe fruit standards determined by the Second Party and which price is based on the terms determined by the government; and (iii) during mature plants period where credit facilities from the credit facility provider has been repaid: delivering the sales proceeds of the FFB to the First Party upon deduction of relevant costs such as maintenance cost, replanting cost, harvesting and transportation costs, land clearing cost, nursery and planting costs. The aforementioned costs relating to the Plasma Programme which are borne by the Group shall be repaid through deduction of proceeds from sale of FFB pursuant to the Plasma Programme.

The costs for management and maintenance of oil palm plantation shall be in accordance with the plafond of the plasma plantation development costs stipulated by the Directorate General of Plantation on the maximum unit cost for oil palm plantation development, or agreed between the parties. If the plafond of plantation development costs from the bank is not sufficient, the Second Party is authorised to seek for credit facility providers to cover the shortfall. The proceeds of the sale of palm oil from the First Party's plasma plantation including bailout fund/credit facility from other party are kept in a joint account between the parties.

For clarity, the abovementioned credit facility refers to the financing (which is used as working capital) granted to Sedulang Village Unit of Sawit Sendowan Plantation Cooperative by the credit facility provider.

This agreement is valid insofar the Second Party's core land still exists.

(iii) Cooperation Agreement for Development of Plasma Plantation between Sawit Seguntung Jaya Plantation Cooperative and PT SPS with the Plasma Core Partnership Pattern dated 20 September 2016 as amended by first addendum to Plasma Plantation Cooperation Agreement between Sawit Seguntung Jaya Plantation Cooperative and PT SPS with the Plasma Core Partnership Pattern dated 9 July 2018 on 20 September 2016 (for the initial agreement) and on 9 July 2018 (for the first addendum).

Under this agreement, Sawit Seguntung Jaya Plantation Cooperative is referred to as the "**First Party**", PT SPS is referred to as the "**Second Party**". PT MKH is not a party to this agreement.

The scope of this agreement is the establishment of a partnership between the parties to build/develop and manage a plot of land for an oil palm plasma plantation with a partnership pattern of 320 Ha, which is located at Puan Cepak Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan Province ("**Cooperative Land**"). The forms of work in this agreement include: (i) oil palm plantation development; (ii) plantation maintenance during immature new crops and mature crops period; (iii) harvesting of FFB; and (iv) marketing of FFB.

Under this agreement, the First Party delivers the rights of development and management of the Cooperative Land, entirely to the Second Party. The development and management activities include: (i) land clearing, nursery and planting; (ii) plant care/ maintenance during immature crops period and mature crops period; (iii) harvest and transport; and (iv) funding, payment of credit instalments and loan interests. In addition to developing and managing the Cooperative Land, the Second Party is also obliged to purchase all FFB production of the First Party which price is guided by the provisions contained in the Regulation of the Minister of Agriculture regarding the Guidelines for Determining the Purchase Price for FFB for Plantation Production issued by the Plantation Office of East Kalimantan Province. The remaining net income from the production of FFB shall be delivered by the Second Party to the First Party on a monthly basis.

Additional obligations of the Second Party include, amongst others: (i) providing palm oil FFB processing plant; and (ii) arranging and planning for replanting fund reserves.

The First Party bears the development and management costs (including the cost for the palm oil FFB processing plant, if any) as stipulated under this agreement, as well as the relevant taxes related to the Cooperative Land. The Second Party is entitled to a management fee of 5% (charged against the estate maintenance cost). Other than the management fee of 5%, the Second Party does not earn any revenue from the Plasma Programme.

This agreement is valid for 1 cycle in accordance with technical standards for oil palm cultivation as of the execution of the agreement by the parties, and may be extended for 1 cycle in accordance with technical standards for oil palm cultivation, unless there is cancellation by the Second Party, which will be conveyed to the First Party within 2 years prior to the expiration of the agreement. PT SPS has clarified in writing that 1 cycle herein shall mean 30 years, and the commencement date is 20 September 2016.

(iv) Cooperation Agreement for Development of Plasma Plantation between Sawit Seguntung Jaya Plantation Cooperative and PT MKH with the Plasma Core Partnership Pattern dated 24 December 2012.

Under this agreement, Sawit Seguntung Jaya Plantation Cooperative is referred to as the "**First Party**", PT MKH is referred to as the "**Second Party**".

The scope of this agreement is the establishment of a partnership between the parties to build/develop and manage a plot of land for an oil palm plasma plantation with a partnership pattern for a total of ±197 family heads with 2 Ha of land for each family head or a total of ±394 Ha, in the area of Puan Cepak Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan Province. Notwithstanding that ±394 Ha has been determined based on the family heads under this agreement, PT MKH has agreed to continue with the development and management of land area (i.e. 406.0 Ha) which was assigned to PT MKH pursuant to the Decree of Kutai Kartanegara dated 21 July 2009 on determination of plasma participants in the partnership program.

The forms of work in this agreement include: (i) oil palm plantation development; (ii) plantation maintenance during immature new crops and mature crops period; (iii) harvesting of FFB; (iv) creation and maintenance of facilities and infrastructure; and (v) land certification for oil palm plantation with partnership pattern in the form of right of ownership in the name of the First Party.

Under this agreement, the First Party delivers the rights of development and management of the plasma plantation land, entirely to the Second Party. The development and management activities include: (i) land clearing, nursery and planting; (ii) plant care / maintenance during immature crops period and mature crops period; (iii) harvest and transport; and (iv) funding, payment of credit instalments and loan interests. In addition to developing and managing the plasma plantation land, the Second Party is also obliged to purchase all FFB production of the First Party which price is guided by the provisions contained in the Regulation of the Minister of Agriculture regarding the Guidelines for Determining the Purchase Price for FFB for Plantation Production issued by the Plantation Office of East Kalimantan Province. The remaining net income from the production of FFB shall be delivered by the Second Party to the First Party on a monthly basis.

Additional obligations of the Second Party include, amongst others: (i) providing palm oil FFB processing plant; and (ii) arranging and planning for replanting fund reserves.

The First Party bears the development and management costs (including the cost for the palm oil FFB processing plant, if any) as stipulated under this agreement, as well as the relevant taxes related to the plasma plantation land. The Second Party is entitled to a management fee of 5% (charged against the estate maintenance cost) during immature and mature plants period.

This agreement is valid for 1 planting cycle (30 years) and can be extended for 1 planting cycle by the parties. Either party shall notify the other party of the intention to extend this agreement 2 years before the expiration of the agreement.

(v) Cooperation Agreement for the Development and Management of Plasma Plantation between Sawit Seguntung Jaya Plantation Cooperative and PT MKH on a grant land with an area of 182.8 Ha with Plasma Core Partnership Pattern on 18 January 2022.

Under this agreement, Sawit Seguntung Jaya Plantation Cooperative is referred to as the "**First Party**", PT MKH is referred to as the "**Second Party**". PT SPS is not a party to this agreement.

The scope of this agreement is a cooperation between the parties in the development and management of a plot of land of palm oil plantation with partnership pattern in the area of ±182.8 Ha on a grant land. Works under this agreement include: (i) management of mature plants; (ii) development and management of plantation during immature plants period; (iii) harvest of FFB; (iv) sales of FFB to the Second Party; and (v) return of plant investment costs on grant area from palm acid oil sales proceeds and FFB sales.

Under this agreement, the First Party grants the Second Party with full authority to develop and manage mature and immature plants on the cooperative's land and to carry out the following activities: (i) relinquishment of land, nursery, and planting; (ii) maintenance of plants during immature and mature periods; and (iii) harvest and transportation. In addition to developing and managing the cooperative's land during the period of this agreement, the Second Party is also obliged to purchase FFB of the First Party, which price is based on the guidelines under the Ministry of Agriculture regulation on Guidelines on Stipulation of Purchase Price of FFB Produced by Planters. The remaining net income from the production of FFB shall be delivered by the Second Party to the First Party on a monthly basis.

Additional obligations of the Second Party include, amongst others: (i) providing palm oil FFB processing plant; and (ii) arranging and planning for replanting fund reserves.

The First Party bears the development and management costs (including the cost for the palm oil FFB processing plant, if any) as stipulated under the agreement, as well as the relevant taxes related to the cooperative's land. The Second Party is entitled to a management fee of 5% (charged against the estate maintenance cost). Other than the management fee of 5%, the Second Party does not earn any revenue from the Plasma Programme.

This agreement is valid for 1 crop cycle (±30 years) and may subsequently be extended and renewed for 1 cycle (± 30 years) insofar the HGU of the Second Party exists, unless there is cancellation from the Second Party, which will be notified to the First Party at the latest within 1 year prior to the expiration of the agreement.

For FYE 2020 to 2023, our Group received a total of management fees of RM0.2 million, RM0.3 million, RM0.3 million and RM0.4 million respectively under the Plasma Programme.

(c) PT MKH SSA, which was completed on 20 December 2023;

(d) PT SPS SSA, which was completed on 20 December 2023;

(e) Novation agreement dated 9 January 2024 between our Company, PT MKH and Metro Kajang (Oversea) pursuant to the PT MKH Debt Novation, which was completed on 9 January 2024;

(f) Novation agreement dated 9 January 2024 between our Company, PT SPS and MKH Plantation pursuant to the PT SPS Debt Novation, which was completed on 9 January 2024; and

(g) Underwriting Agreement dated 21 February 2024 between our Company and Joint Underwriters for the underwriting of 51,209,800 Issue Shares for an underwriting commission of 2.5% of the IPO Price multiplied by the number of Issue Shares underwritten.

6.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to LPD, there were:

(a) No public take-over offers by third parties in respect of our Shares; and

(b) No public take-over offers by our Company in respect of other companies' shares.

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6. INFORMATION ON OUR GROUP *(Cont'd)*

6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(a)	MKHOP/ Majlis Perbandaran Kajang	15 July 2023/ 14 July 2024	Licence for trade, business and industry for our Company	Nil	Complied
(b)	PT MKH/ Ministry of Investment/ Investment Coordinating Board via the Online Single Submission ("**OSS**") – Risk Based Assessment ("**OSS-RBA**")	1 December 2018 (latest amendment on 29 October 2023)/ It is valid as long as PT MKH carries its business activities	Business Identification Number (*Nomor Induk Berusaha*) For evidence that the company has been registered in the OSS-RBA as a pre-requisite for application of business/operational licences Please refer to Section 6.10(g) for the applicable laws and regulations	Nil	Complied
(c)	PT MKH/ Tax Service Office of Pratama Tenggarong	No effective date or date of issue is stated/ No expiration date is stated[(6)]	Taxpayer Identification Number (*Nomor Pokok Wajib Pajak*, "**NPWP**") – Head Office This licence serves as evidence that PT MKH has been registered as a taxpayer for the office located at Puan Cepak Village, Sabintulung Muara Kaman, Kutai Kartanegara Regency, East Kalimantan Please refer to Section 6.10(q) for the applicable laws and regulations	Nil	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(d)	PT MKH/ Tax Service Office of Madya Balikpapan	No effective date or date of issue is stated/ No expiration date is stated[(6)]	NPWP of Branch Office This licence serves as evidence that PT MKH has been registered as a taxpayer for the office located at Jalan Juanda, Ruko Juanda No. 30 RT 07, Air Hitam, Samarinda Ulu, Samarinda City, East Kalimantan (branch office) Please refer to Section 6.10(q) for the applicable laws and regulations	Nil	Complied
(e)	PT MKH/ Tax Service Office of Madya Balikpapan	6 April 2016/ No expiration date is stated[(6)]	Taxable Entrepreneur Confirmation Letter (*Surat Pengukuhan Pengusaha Kena Pajak*) This licence serves as evidence that PT MKH has been registered as a taxable entrepreneur Please refer to Section 6.10(q) for the applicable laws and regulations	Nil	Complied
(f)	PT MKH/ OSS system	9 August 2016/ No expiration date is stated[(6)]	Plantation Business Licence This licence serves as evidence that PT MKH has obtained a business licence for Standard Classification of Indonesian Business Fields (*Klasifikasi Baku Lapangan Usaha Indonesia*, "**KBLI**") 01262 (Palm Oil Plantation) prior to the enactment of the OSS system and has registered such licence to the old version of the OSS system Please refer to Section 6.10(a) for the applicable laws and regulations	Nil	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(g)	PT MKH/ OSS-RBA	Unverified certificate issuance date: 9 August 2016 (KBLI 10431) and 30 October 2023 (KBLI 10432) / Pending issuance of verified standard certificate via the OSS-RBA	Unverified Standard Certificate for KBLI 10431 (Crude Oil Palm Industry) and KBLI 10432 (Crude Oil Palm Kernel Industry) For operating in oil palm industry (our PK crushing mill and palm oil mill) Please refer to Section 6.10(c) for the applicable laws and regulations	Nil	The mandatory technical verification, a new requirement under the OSS-RBA which came into effect on 2 February 2021, has been carried out on 5 January 2023, following the Company's application for the verification of the standard certificate for KBLI 10431 (Crude Oil Palm Industry) since 2022. Based on the assessment by the verification team from the Directorate General of Agro-Industry of the Ministry of Industry, PT MKH has fulfilled all of the requirements in the industrial sector and is ready to commence the production activities. As a follow-up, PT MKH has uploaded these documents to the OSS-RBA to obtain a verified standard certificate for KBLI 10431 (Crude Oil Palm Industry). The technical verification for KBLI 10432 (Crude Oil Palm Kernel Industry) has yet to be verified and/or assessed by the Directorate General of Agro-Industry of the Ministry of Industry as at LPD (new), and such assessment and technical verification on PT MKH's PK crushing facility are expected to be conducted in 2nd quarter 2024. Upon completion of such assessment and technical verification, an application for the verification of the standard certificate for KBLI 10432 (Crude Oil Palm Kernel Industry) will be submitted to the Directorate General of Agro-Industry of the Ministry of Industry.

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(h)	PT MKH/ Kutai Kartanegara Regent	15 November 2005/ 15 November 2035 (30 years as of 15 November 2005)	Plantation Business Licence of Cultivation (*Izin Usaha Budidaya Perkebunan,* "**IUP-B**") No. 503/08/SK-DISBUN KUKAR/XI/2005 as amended lastly by Approval of Kutai Kartanegara Regent No. P-009/DPMPTSP/BID.IV.1/525.26/IUPPerub/XI/2019 This licence serves as the plantation business licence for cultivation of PT MKH issued by the local authority (before the OSS licensing regime) Please refer to Section 6.10(a) for the applicable laws and regulations	Nil	Complied
(i)	PT MKH/ Kutai Kartanegara Regent	2 July 2012/ It is valid as long as PT MKH carries its business activities	Plantation Business Licence for Processing (*Izin Usaha Perkebunan untuk Pengolahan*, "**IUP-P**") No. 525/04/IUP-P/DPK.IV/2012 as amended lastly by Approval of Kutai Kartanegara Regent No. 525.26/006/IUPP/BID.I/VIII/2016/BP2T This licence serves as the business licence for processing of palm oil FFB by PT MKH issued by the local authority (before the OSS licensing regime)	Nil	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
			Please refer to Sections 6.10(a), Section 6.10(b), and 6.10(j) for the applicable laws and regulations		
(j)	PT MKH/ Directorate General of Sea Transport of the Ministry of Transportation	21 June 2017/ 21 June 2027 (10 years as of 21 June 2017)	Licence to Operate an Own Interest Terminal (*Terminal Untuk Kepentingan Sendiri,* "**TUKS**") This licence is granted for PT MKH to operate a TUKS to support PT MKH's business activities in plantation sector Please refer to Section 6.10(r) for the applicable laws and regulations	Nil	Complied
(k)	PT MKH/ Ministry of Investment/ Investment Coordinating Board via OSS-RBA	21 October 2023/ 20 June 2027	Verified Standard Certificate / Business Licensing to Support Business Activities (PB-UMKU) for operation of TUKS to support KBLI 10431 (Crude Oil Palm Industry) For operating in oil palm industry (our jetty operations) Please refer to Section 6.10(c) for the applicable laws and regulations	Nil	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(l)	PT MKH/ PT SGS Indonesia	12 August 2020/ 11 August 2025	ISPO Certificate This certificate is a testament to PT MKH's sustainable plantation practices and ability to produce sustainable palm oil issued by an independent auditor agency Please refer to Section 6.10(k) for the applicable laws and regulations	Nil	Complied
(m)	PT MKH/ Head of Capital Investment Agency and One Door Integrated Services of East Kalimantan Province	23 June 2021/ 23 June 2024 (3 years as of 23 June 2021)	Groundwater Utilisation Permit (*Surat Izin Pengusahaan Air Tanah*, "**SIPA**") for 5 Wells with different licence number These licences are granted for the utilisation of groundwater by PT MKH Please refer to Sections 6.10(d) and 6.10(e) for the applicable laws and regulations	Nil	Complied
(n)	PT MKH/ Minister of Public Works and Housing	12 February 2024/ 12 February 2029 (5 years as of 12 February 2024)	Water Resources Exploitation Licence This licence is granted for the utilisation of surface water in Mahakam and Seguntung River Please refer to Sections 6.10.(d) and 6.10(e) for the applicable laws and regulations	Nil	Complied

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(o)	PT MKH/ Kutai Kartanegara Regent	24 September 2008/ The validity period is similar to the validity period of PT MKH's business licence	Environmental Feasibility of Palm Oil Plantation of PT MKH in Puan Cepak Village dan Sedulang Village, Muara Kaman District, Kutai Kartanegara Regency based on Decree No. KAKK/26/AMDAL/KELAPASAWIT/2008 as amended lastly by Decree of Kutai Kartanegara Regent No. 73 of 2016 This licence serves as the environmental licence for the palm oil plantation business activities Please refer to Sections 6.10(d) and 6.10(e) for the applicable laws and regulations	Nil	PT MKH is in the midst of renewing its environmental licence due to the expiry of Hazardous Toxic Waste ("**B3**") licence. Please refer to the notes of the B3 licence below
(p)	PT MKH/ Kutai Kartanegara Regent	22 December 2015/ The validity period is similar to the validity period of PT MKH's business licence	Environmental Feasibility of Palm Oil Mills of PT MKH at 90 tons within an area of 137a kata. 43.33 hectares in Puan Cepak Village dan Sedulang Village, Muara Kaman District, Kutai Kartanegara Regency based on Decree No. KAKK/27/KOMPEDAL-KUKAR/XII/2015 as amended lastly by Decree of Kutai Kartanegara Regent No. 74 of 2016 This licence serves as the environmental licence for the palm oil mills of PT MKH Please refer to Sections 6.10(d) and 6.10(e) for the applicable laws and regulations	Nil	PT MKH is in the midst of renewing its environmental licence due to the expiry of B3 licence. Please refer to the notes of the B3 licence below

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(q)	PT MKH/ Kutai Kartanegara Regent	N/A[(1)]	B3 Waste Storage and Management-related Licences For the storage of waste in the oil palm plantation Please refer to Sections 6.10(d) and 6.10(e) for the applicable laws and regulations	Nil	PT MKH has obtained several permits of utilisation of B3 for the B3 Storage which have already expired. PT MKH is currently in the process of obtaining the Technical Details for B3 Storage[(2)] which are applicable as the licence for B3 storage/management upon the issuance of Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law. In relation to this matter, PT MKH and PT SPS have obtained a letter dated 26 September 2022 issued by the Environmental and Forestry Agency of Kutai Kartanegara Regency which states that the existing B3 licence of PT MKH and PT SPS remains valid until the environmental documents[(3)] of PT MKH are adjusted, and the B3 licence will be covered under the adjusted environmental documents[(4)]. PT MKH is in the midst of renewing and adjusting the environmental documents. On 15 December 2023, PT MKH has obtained approval from Directorate General of Management of Environmental Pollution and Damage on its Emission Technical Details. PT MKH is still in the process of applying for the approval on its Domestic Waste Technical Details and Technical Details for B3 Storage[(5)]

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(r)	PT SPS/ Ministry of Investment/ Investment Coordinating Board via the OSS-RBA	16 October 2018, amended on 8 July 2022/ It is valid as long as PT SPS carries its business activities	Business Identification Number (*Nomor Induk Berusaha*) For evidence that the company has been registered in the OSS-RBA as a pre-requite for application of business/operational licences Please refer to Section 6.10(g) for the applicable laws and regulations	Nil	Complied
(s)	PT SPS/ Tax Service Office of Pratama Tenggarong	N/A/ No expiration date is stated[(6)]	NPWP This licence serves as evidence that PT SPS has been registered as a taxpayer for the office located at Jalan A. Yani No. 30 RT 10, Melayu, Tenggarong, Kutai Kartanegara Regency, East Kalimantan Please refer to Section 6.10(q) for the applicable laws and regulations	Nil	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(t)	PT SPS/ Tax Service Office of Pratama Tenggarong	N/A/ No expiration date is stated[(6)]	NPWP of Branch Office This licence serves as evidence that PT SPS has been registered as a taxpayer for the office located at Jalan A. Yani No. 30 RT 10, Melayu, Tenggarong, Kutai Kartanegara Regency, East Kalimantan. According to the confirmation of PT SPS, this NPWP is the NPWP for PT SPS' branch office Please refer to Section 6.10(q) for the applicable laws and regulations	Nil	Complied
(u)	PT SPS/ Tax Service Office of Pratama Tenggarong	6 January 2016/ No expiration date is stated[(6)]	Taxable Entrepreneur Confirmation Letter (*Surat Pengukuhan Pengusaha Kena Pajak*) This licence serves as evidence that PT SPS has been registered as a taxable entrepreneur Please refer to Section 6.10(q) for the applicable laws and regulations	Nil	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(v)	PT SPS/ OSS system	4 May 2006/ No expiration date is stated(6)	Plantation Business Licence This licence serves as evidence that PT SPS has obtained a business licence for KBLI 01262 (Palm Oil Plantation) prior to the enactment of the OSS system and has registered such licence to the old version of the OSS system Please refer to Section 6.10(a) for the applicable laws and regulations	Nil	Complied
(w)	PT SPS/ Kutai Kartanegara Regent	19 October 2009/ 19 October 2039 (30 years as of 19 October 2009)	IUP-B based on Decree No. 503/22/SK-DISBUN KUKAR/V/2006 as amended lastly by Decree of Kutai Kartanegara Regent No. 503/48/SK-DISBUN KUKAR/X/2009 This licence serves as the plantation business licence for cultivation of PT SPS Please refer to Section 6.10(a) for the applicable laws and regulations	Nil	Complied
(x)	PT SPS/ Head of Capital Investment Agency and One Door Integrated Services of East Kalimantan Province	14 January 2022/ 14 January 2025 (3 years as of 14 January 2022)	This licence is granted for the utilisation of groundwater for the well located in Sedulang Village, Muara Kaman District, Kutai Kartanegara Regency Please refer to Sections 6.10(d) and 6.10(e) for the applicable laws and regulations	Nil	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(y)	PT SPS/ PT Global Inspeksi Sertifikasi	27 July 2022/ 26 July 2027	ISPO Certificate This certificate is a testament to PT SPS' sustainable plantation practices and ability to produce sustainable palm oil issued by an independent auditor agency Please refer to Section 6.10(k) for the applicable laws and regulations	Nil	Complied
(z)	PT SPS/ Kutai Kartanegara Regent	30 March 2009/ No expiration date is stated(6)	Approval of the Environmental Management Efforts and Environmental Monitoring Efforts (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup,* "**UKL-UPL**") This approval serves as evidence that the Environmental Agency of Kutai Kartanegara has approved the UKL-UPL documents submitted by PT SPS Please refer to Sections 6.10(d) and 6.10(e) for the applicable laws and regulations	Nil	PT SPS is in the midst of renewing its environmental licence due to the expiry of B3 licence. Please refer to the notes of the B3 licence below

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee/ Issuing authority	Effective date or date of issue/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Compliance status
(aa)	PT SPS/ Kutai Kartanegara Regent	N/A[(1)]	B3 Waste Storage and Management-related Licences For the storage of waste in the oil palm plantation Please refer to Sections 6.10(d) and 6.10(e) for the applicable laws and regulations	Nil	PT SPS has obtained several permits of utilisation of B3 for the B3 Storage which have already expired. PT SPS is currently in the process of obtaining the Technical Details for B3 Storage[(2)] which are applicable as the licence for B3 storage/management upon the issuance of Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law. In relation to this matter, PT MKH and PT SPS have obtained a letter dated 26 September 2022 issued by the Environmental and Forestry Agency of Kutai Kartanegara Regency which states that the existing B3 licence of PT MKH and PT SPS remains valid until the environmental documents[(3)] of PT SPS are adjusted, and the B3 licence will be covered under the adjusted environmental documents[(4)]. PT SPS is in the midst of renewing and adjusting the environmental document. On 21 November 2023, Technical Details of PT SPS has been verified and validated by the Directorate General of Management of Environmental Pollution and Damage and currently awaits for the approval[(5)]

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) Due to the change in the regulatory regime, neither PT MKH nor PT SPS was able to renew their respective B3 licences. However, based on the letter dated 26 September 2022 issued by the Environmental and Forestry Agency of Kutai Kartanegara Regency, the existing B3 licences of PT MKH and PT SPS remain valid until the environmental documents of PT SPS and PT MKH are adjusted. PT SPS and PT MKH are in the process of adjusting their respective environmental licences. Please refer to note (5) below on the details of application status. Hence, the validity period of the respective B3 licences are not applicable due to its temporary validity at this juncture.

(2) Technical Details *(Rincian Teknis)* for B3 Storage, which is a new term under the current regulation, refer to documents that provide the details of the management of B3 by the B3 Storage licence holder such as name, source, characteristic and amount produced of B3. Technical Details for B3 Storage have been integrated with the Environmental Approval following the enactment of GR 22/2021 (as defined herein) that are being obtained by PT MKH and PT SPS as set out in Note (3) below.

(3) The environmental documents refer to the "Environmental Approval *(Persetujuan Lingkungan)*" document which is a new term under the current regulation. In 2020, the Indonesian Government issued Law No. 11 of 2020 on Job Creation as further replaced by the Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law ("**Omnibus Law**"). The Omnibus Law contains major changes to a myriad of regulations, including the environmental law which was previously stipulated in Law No. 32 of 2009 on Protection and Management of the Environment. The Omnibus Law attempts to simplify the existing permits for carrying out activities or businesses that have an impact on the environment. Following the Omnibus Law, the Government also issued Government Regulation No. 22 of 2021 on Implementation of Environmental Protection and Management which was enacted on 2 February 2021 ("**GR 22/2021**") that introduces the term Environment Approval *(Persetujuan Lingkungan)* to distinguish it from the previous environmental licensing regime. GR 22/2021 stipulates that the environment licences and documents issued before GR 22/2021 was enacted shall remain valid.

GR 22/2021 also stipulates that a B3 waste producer must obtain a Technical Details for B3 storage as integrated with the Environmental Approval (if the B3 waste is produced by activity or activities subject to an Environmental Impact Analysis Document (*Analisis Mengenai Dampak Lingkungan* – "**AMDAL**") or Environmental Management and Monitoring Efforts Report (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Linkungan Hidup* – "**UKL-UPL**") (such as PT MKH and PT SPS), or by a government institution that produces B3 waste). Therefore, although PT MKH and PT SPS' environmental licences remain valid after the issuance of the Omnibus Law and GR 22/2021, as their respective B3 licences have already expired in 2021, PT MKH and PT SPS were unable to renew their B3 licences due to the change in licensing regime. Consequently, as B3-related licences under the current regime are integrated into an Environmental Approval, PT MKH and PT SPS need to adjust their existing environmental licences to an Environmental Approval, which will also cover the B3 licence under the new regulatory regime in the form of Technical Details for B3. In this regard, Technical Details for B3 and the Environmental Approval, both of which are being applied by PT MKH and PT SPS, are collectively referred to as the "adjusted environmental documents". Please refer to note (5) below on the details of application status. As at LPD, PT MKH and PT SPS have not received any notice of non-compliance from the relevant authorities in relation to their B3 licences. Further, there was no mandatory timeframe imposed by the relevant authorities for PT MKH and PT SPS to comply with the new licensing regime.

6. INFORMATION ON OUR GROUP *(Cont'd)*

In light of the above, PT MKH and PT SPS are in the midst of renewing and adjusting the environmental licence/documents. For this purpose, PT MKH and PT SPS had on 3 October 2022 appointed an environmental consultant to coordinate, prepare and submit the relevant applications to Environmental and Forestry Agency of Kutai Kartanegara Regency, on their behalf. The environmental licence/documents are expected to be renewed and adjusted by 2nd quarter of 2024. For avoidance of doubt, there is no deadline specified by the Environmental and Forestry Agency of Kutai Kartanegara to complete the renewal and adjustment of the environmental licence/documents of PT MKH and PT SPS.

(4) PT MKH and PT SPS are currently liaising closely with the local authorities on this matter. In this regard, PT MKH and PT SPS have obtained a letter dated 26 September 2022 issued by the Environmental and Forestry Agency of Kutai Kartanegara Regency, which states that the existing B3 licences of PT MKH and PT SPS remain valid until the environmental documents of PT MKH and PT SPS are adjusted. Based on PT MKH and PT SPS' consultation with the Environmental and Forestry Agency of Kutai Kartanegara Regency, it is interpreted that the existing B3 licences (which have already expired) will be deemed valid until the adjustments to their existing environmental licence are completed. Once the adjustment is complete, the B3 licence will be covered under the Environmental Approval. Please refer to Note (2) above for further details on the Environmental Approval.

(5) According to letters dated 3 January 2024 and 4 March 2024 from PT MKH's environmental consultant, PT MKH has received approval from the Directorate General of Management of Environmental Pollution and Damage for its Emission Technical Details. PT MKH is in the process of obtaining approval for its Domestic Waste Technical Details and Technical Details for B3 Storage. These approvals are essential prerequisites for the application to amend the Environmental Licence.

According to letters dated 3 January 2024 and 4 March 2024 from PT SPS' environmental consultant, the Technical Details of PT SPS have been verified and validated by the Directorate General of Management of Environmental Pollution and Damage. PT SPS currently awaits the approval. Once the approval is obtained, PT SPS will proceed to apply for the amendment to the Environmental Licence.

The environmental consultant is currently working closely with the Indonesian Government to speed up the process of Environmental Licence of PT MKH and PT SPS' application.

(6) The licence/approval shall be valid indefinitely provided that our Group continues our business activities and complies with the prevailing laws and regulations.

Save for item (g), namely verified standard certificate for KBLI 10431 (Crude Oil Palm Industry) which is expected to be obtained by 3rd quarter of 2024 as well as for KBLI 10432 (Crude Oil Palm Kernel Industry) (as set out in Section 6.10(c)), our Group has the necessary government approvals, authorisations, licences, permits or approvals of any nature whatsoever which are required under any law, decree or regulation to carry on our business and operations, namely IUP-B and IUP-P as disclosed under items (h), (i) and (w) above, and such approvals, authorisations, licences or permits are still valid and the same has not been revoked or threatened to be revoked. Save as disclosed under items (g), (h), (i) and (w) above, our Group is not dependent on any major licences, permits and approvals for our business operations.

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.8 TRADEMARKS

Save as disclosed below, our Company does not own any trademarks as at LPD:

Trademark	Registered owner	Trademark No.	Class/ Description	Status	Place of registration	Validity period
	PT MKH	IDM000450150	29/ Palm kernel oil for food, cooking oil, palm oil for food	Registered	Indonesia	19 April 2022 to 20 June 2032
	PT MKH	IDM000450156	31/ Oil palm trees, plant seeds, fresh fruit bunches or oil palm fruit	Registered	Indonesia	19 April 2022 to 20 June 2032
	PT MKH	IDM000456551	35/ Business administration, office functions, management consulting and corporate organisation, business management	Registered	Indonesia	19 April 2022 to 20 June 2032
	PT MKH	IDM000456549	44/ Oil palm plantation services, nurseries, distribution of fertilizers and agricultural chemicals from the air and on the ground	Registered	Indonesia	19 April 2022 to 20 June 2032

6. INFORMATION ON OUR GROUP *(Cont'd)*

In addition, MKH has agreed to assign the following trademarks in the colour green to our Group, and our Group has entered into a Deed of Assignment dated 12 June 2023 with MKH ("**DoA**"), whereby MKH as the assignor and registered proprietor of the trademarks, has:

(i) assigned to MKHOP as the assignee, all the property, rights, titles and interests in the trademarks set forth in the DoA in Malaysia; and

(ii) consented to MKHOP registering the trademarks in MKHOP's name with the Registrar of Trademarks.

The consideration paid to MKH in relation to the DoA is RM10. As at LPD, the following applications for the registration of the trademarks in MKHOP's name with the Registrar of Trademarks have been submitted, which are expected to be completed by 3rd quarter of 2024:

No	Trademark	Application no. / Place of application	Status	Class / Desciption of Trademark
(a)	MKH	TM2023021977 / Malaysia	Pending	
(b)	MKH	TM2023021984 / Malaysia	Pending	Class 29 / Edible oils and fats; cooking oils; palm oil for food, palm kernel oil for food; all included in class 29
(c)	MKH	TM2023021992 / Malaysia	Pending	
(d)	MKH	TM2023021979 / Malaysia	Pending	
(e)	MKH	TM2023021987 / Malaysia	Pending	Class 31 / Grains and agricultural, horticultural and forestry products not included in other classes; trees; fresh fruits; oil palm trees, oil palm fruits, oil palm seeds; all included in class 31
(f)	MKH	TM2023022008 / Malaysia	Pending	

6. INFORMATION ON OUR GROUP *(Cont'd)*

No	Trademark	Application no. / Place of application	Status	Class / Desciption of Trademark
(g)	MKH	TM2023021981 / Malaysia	Pending	
(h)		TM2023021989 / Malaysia	Pending	Class 40 / Processing of oil; extraction of crude palm oil and palm kernel; refining of crude oil; all included in class 40
(i)	MKH	TM2023022010 / Malaysia	Pending	

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6. INFORMATION ON OUR GROUP *(Cont'd)*

6.9 PROPERTY, PLANT AND EQUIPMENT

6.9.1 Properties owned by our Group

The summary of the material properties owned by our Group as at LPD are set out below:

No.	Registered owner/ Title/ Location	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ [1]Built-up area	[2]Date of purchase	Encumbrance	Audited NBV as at 30 September 2023 RM'000	[3]Market value as at 21 December 2022 RM'000	[3]Market value as at 13 October 2023 RM'000
(a)	PT MKH/ HGU No. 8, Puancepak dan Sedulang/ Puancepak and Sedulang Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan Province	Oil palm plantation, office building, CPO mill and estate quarter/ Oil palm plantation/ Leasehold of 35 years expiring on 12 September 2042 (with an unexpired term of lease of 19 years) with an option to renew for a further period of 25 years and generally can be further renewed for another period of 35 years upon fulfilment of conditions	159,425,909 sq m/ 379,473 sq m	21 September 2007	First rank mortgage in favour of OCBC Al-Amin Bank Berhad			
(b)	PT MKH/ HGB No. 6, Sebulu Ilir/ Sebulu District, Kutai Kartanegara Regency, East Kalimantan	Jetty facilities building/ Jetty housing/ Leasehold of 20 years expiring on 28 December 2030 (with an unexpired term of lease of 7 years) with an option to renew for a further period of 20 years upon fulfilment of conditions	1,028 sq m/ Nil	30 December 2010	Nil	223,930	1,097,830	1,109,700
(c)	PT MKH/ HGU Certificate No. 6, 7 & 8, Sebulu Ilir/ Sebulu District, Kutai Kartanegara Regency, East Kalimantan	Jetty and ancillary facilities building/ CPO bulking station/ Leasehold of 20 years expiring on 25 January 2031 (with an unexpired term of lease of 8 years) with an option to renew for a further period of 20 years upon fulfilment of conditions	48,450 sq m/ 1,020 sq m	23 February 2011	Nil			

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Registered owner/ Title/ Location	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ [1]Built-up area	[2]Date of purchase	Encumbrance	Audited NBV as at 30 September 2023	[3]Market value as at 21 December 2022	[3]Market value as at 13 October 2023
						RM'000	RM'000	RM'000
(d)	PT SPS/ HGU Certificate No. 138 & 139, Puancepak/ Puancepak Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan	Oil palm plantation and estate quarter/ Oil palm plantation/ Leasehold of 35 years expiring on 25 April 2045 (with an unexpired term of lease of 22 years) with an option to renew for a further period of 25 years and generally can be further renewed for another period of 35 years upon fulfilment of conditions	24,454,900 sq m/ 10,242 sq m	6 April 2010	Nil	52,687	104,450	110,800

Notes:

(1) Refers to only building and estate quarter.

(2) Being the date of the HGB or HGU as applicable.

(3) The properties as listed above have been valued by our Independent Valuer vide its valuation reports dated 20 February 2023. Our Independent Valuer has also inspected the above properties from 18 December 2022 to 21 December 2022, and adopted 21 December 2022 as the material date of valuation for the updated valuation certificates. In addition, our Independent Valuer has re-inspected the above properties from 11 October 2023 to 13 October 2023, and adopted 13 October 2023 as the material date of valuation for the updated valuation certificates. Please refer to Section 15 for the valuation certificates from our Independent Valuer for the details of the valuation of the above properties.

The properties owned by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD. All our properties have obtained all the necessary licences and certificates.

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.9.2 Properties rented by our Group

The summary of material property rented by our Group as at LPD is set out below:

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Built-up area	Date of certificate of completion and compliance	Period of tenancy/ Rental per annum
(a)	G-02 & G-03, Ground Floor Wisma MKH Jalan Semenyih 43300 Kajang Selangor	Laju Jaya Sdn Bhd/ MKHOP	Office units used as headquarters/ Business premise	510.88 sq m	22 May 1995	1 October 2023 to 30 September 2024 (with an option to renew)/ RM296,954

As at LPD, we have not encountered any difficulty in renewing the tenancy of the abovementioned rented property.

6.9.3 Acquisition of properties

We have not acquired nor entered into any agreements to acquire any properties during FYE 2020 to 2023 and up to LPD.

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6. INFORMATION ON OUR GROUP *(Cont'd)*

6.9.4 Material machinery

Details of our Group's material machinery are as follows:

Cultivation of oil palm

Machinery and equipment	Function	Fully depreciated	With NBV	Average life span[1]	Average age	NBV as at 30 September 2023
		units		years	years	RM'000
Powered wheelbarrow	To collect FFB from fields to the collection points	-	130	8	3	7,647
Farm ATV	To collect FFB from fields to the collection points	-	242	8	2	2,654
Utility vehicle	To be used by our employees for general transport	50	55	8	6	4,720
Excavator	To be used for road and drainage maintenance	29	6	8	[2]8	2,823
Backhoe loader	To be used for road and drainage maintenance	4	4	8	6	763
Motor grader	To be used for road and drainage maintenance	5	1	8	[2]9	419
Truck	To transport FFB from the collection points to our palm oil mill	59	6	8	[2]11	421
Compactor	To be used for road maintenance	6	4	8	7	803
Wheel loader	To clear FFB from the loading ramps in our palm oil mill	1	2	8	[2]6	455
Farm UTV	To collect FFB from fields to the collection points	-	13	8	5	178
Forklift	To move objects within our palm oil mill	-	1	8	3	50
Prime mover	To perform heavy duty transport (i.e. transport of other vehicles such as compactors)	1	-	8	[2]12	-
					Total	**20,933**

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) Average lifespan of the machinery and equipment for cultivation of oil palm is computed based on the average lifespan of 8 years, which is consistent with the computation of depreciation for equipment adopted by our Group's accounting policy.

(2) These machinery and equipment are still fit for use although their average age has exceeded the average life span and/or are fully depreciated as we continuously conduct inspection and maintenance of our machinery and equipment, and replace the parts and components to extend their lifespans. Our policy is to use our machinery and equipment for at least the duration of their estimated useful life. We will continue to utilise these fully depreciated machinery and equipment for our cultivation of oil palm as the conditions of these machinery and equipment remained intact. Thereafter, we would consider the ongoing cost of maintenance and repair relative to the costs and benefits of replacing these machinery and equipment.

Palm oil milling

Machinery and equipment	Function	Fully depreciated	With NBV	Average lifespan	Average age	NBV as at 30 September 2023
		units		years	years	RM'000
FFB reception	To weigh trucks prior to and after unloading FFB					
FFB sterilisation	To sterilise FFB and weaken the stalk of FFB					
FFB threshing	To separate fruitlets from bunches					
Pressing and oil extraction	To mash fruitlets and press out oil and waste water from mashed fruitlets					
Oil clarification	To separate oil from waste water and dirts, and to clarify oil prior to storage					
PK recovery	To recover palm nuts from mesocarp fibre, and thereafter polish, dry and crack the palm nuts to recover PK	-	153	15 to 20	(1)9 to 11	26,081
EFB pressing	To extract EFB liquor					
Steam and electricity generation	To produce steam for sterilisation process and pressing and oil extract process as well as to channel into turbines for electricity generation					
POME treatment	To treat POME prior to discharging for land application and selling the residue (i.e. sludge oil) to external customers					

6. INFORMATION ON OUR GROUP *(Cont'd)*

Note:

(1) None of our key machinery and equipment have exceeded the average useful lifespan. Our machinery and equipment that were installed during the initial setup of our palm oil mill have an average age of 10 years whereas the newly-added machinery and equipment have an average age of 8 years.

The placement of the machinery and equipment in our palm oil mill were designed and installed as a whole for our palm oil milling activities, namely the production of CPO and extraction of PK as disclosed in Section 7.4.2. We have purchased new production and extraction equipment subsequent to the initial setup of our palm oil mill and we continuously conduct inspection and maintenance of our machinery and equipment in each processing station for our palm oil milling activities and undertake certain repair works and replacement of parts and components to extend their lifespans. The disposal policy for our key machinery and equipment typically takes into consideration the following:

(a) estimated useful life of the machinery and equipment;

(b) cost of maintenance and repair; and

(c) cost and benefits of replacement.

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6.9.5 Material capital expenditures and divestitures

(a) Material capital expenditures

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2020 to 2023 and up to LPD:

	At cost				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 October 2023 up to LPD
Capital expenditures	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Buildings	-	-	3	-	-
Motor vehicles	-	127	(1)1,599	(2)3,731	144
Plant and machinery(3)	4,220	3,546	8,702	7,350	2,828
Furniture, fittings and office equipment	333	499	(4)1,865	914	216
Bearer plants	-	-	-	-	-
Plantation infrastructure	-	39	-	-	-
Under construction(5)	4,853	5,871	3,943	16,515	10,506
	9,406	**10,082**	**16,112**	**28,510**	**13,694**

Notes:

(1) Relates to purchase of 25 units of motor vehicles for usage in our plantation estates, of which 10 units of motor vehicles were for replacement purpose and 15 units of motorcycles were purchased for our estate workers.

(2) Relates to purchase of 14 units of dump truck and 5 units of CPO truck for usage in our plantations estates and 2 units of passenger vehicle for usage at our headquarter in Kajang, Malaysia.

(3) Relates mainly to the purchase of the following plant and machinery:

(i) farm ATVs, powered wheelbarrows, backhoe loader, hydraulic lifting arms, forklift, compactor, trucks, excavators, trailers for our oil palm cultivation and harvesting activities;

(ii) FFB cages, EFB press, conveyors, decanter, generation set, super heater for our palm oil milling activities; and

(iii) hydraulic pump for our jetty operations.

We increased investment in plant and machinery for FYE 2022 as we needed more mechanical assistance to enhance productivity especially during periods of heavy weather, which impedes the productivity of our workers. For FYE 2023, the investment in plant and machinery was related to the continuous enhancement of its productivity.

(4) Relates to purchase of computer and office equipment and renovation cost incurred for setting up the new office units currently being used as our headquarters in Kajang, Malaysia.

(5) Relates to mainly bearer plants planting costs and capital work-in-progress. Our capital work-in-progress comprised expenditures on building, plant and machinery and facilities which are under construction, of which will be reclassified to the respective asset categories when the said assets are ready for use. In FYE 2023, it mainly comprised work-in progress for PK crushing plant, staff housing quarter and boiler.

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

(b) Material capital divestitures

We do not have any material capital divestitures for FYE 2020 to 2023 and up to LPD.

As at LPD, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1 and the material capital commitment as set out in Section 12.7, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.9.6 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO to finance the capital expenditure as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

Our oil palm plantation business in Indonesia is governed by various number of prevailing laws, regulations, and decree, which the following are material to our operations. They relate essentially to: requisite licenses, land titles, certificates, approvals and confirmations to be obtained (items (a) to (g), (i), (k), (n), (o) and (r)), as well as the requisite compliance of laws and regulations on manpower, health, social responsibility, intellectual property, and taxation (items (h), (j), (l), (m), (p) and (q). In this respect, our Group does not have any non-compliances with regards to such laws and regulations.

(a) Law No. 39 of 2014 on Plantation as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law ("Plantation Law")

The Plantation Law aims to improve and strengthen the national plantation industry and, at the same time, protect the customary societies, empower local farmers, and realise the environment-friendly plantation businesses. The Plantation Law provides that a plantation business can be conducted in Indonesia either by farmers (*pekebun*) (an Indonesian citizen farmer that operates a plantation business within a specific scale set by the Minister of Agriculture), or companies (a plantation company that is owned by Indonesian citizen or legal entity established under Indonesian laws and domiciled in Indonesia that operates plantation businesses within a specific scale set by the Minister of Agriculture). In addition, the Plantation Law also regulates other important issues such as plantation industry's master plan, types of plantation business, land use, licensing, investment in the plantation industry, protection and development of seeds, protection and empowerment of customary societies and local farmers, environmental protection, and commodity prices.

The Plantation Law stipulates that any person who unauthorizedly (i) cultivates, uses, occupies, and/or possesses any plantation area, (ii) cultivates, uses, occupies, and/or possesses land of the communities or *Hak Ulayat* of the indigenous people with the aim for plantation business, (iii) cuts plants within the plantation area, and/or (iv) harvest and/or collects plantation product, is subject to imprisonment of at most 4 years or a fine of at most Rp4,000,000,000. Also, any plantation business undertakings who clear and/or cultivates the plantation by using fire, is subject to imprisonment of at most 10 years or a fine of at most Rp10,000,000,000. Where the above criminal offenses are perpetrated by an official upon instruction or a person that is authorized to be in charge of the plantation area ex officio, such an official shall be sentenced to the sentence under the Plantation Law increased by ⅓.

PT MKH and PT SPS have obtained the required plantation business licence as the basis to carry out their business activities in palm oil plantation.

(b) Law No. 5 of 1960 ("Agrarian Law")

Under the Agrarian Law, Republic of Indonesia holds the ultimate title for land in Indonesia, and the highest title for land ownership right (*Hak Milik* ("**HM**")) made available only for Indonesian citizens. In order to establish a plantation business, a company must obtain the relevant rights over a land. The land titles that are most relevant, in the case of a plantation business, are HGU, HGB and Land Use Right (*Hak Pakai* or "**HP**"). However, if the land is part of the development of an Indonesian company's plantation (this includes a Foreign Investment Company (*perusahaan penanaman modal asing*), only the HGU title may be used for such purpose.

Subject to the fulfillment of relevant obligations and operations of a plantation in accordance with the prevailing regulations, the HGU is usually granted for a maximum period of 35 years and can be extended for an additional maximum period of 25 years. A holder of the HGU can also renew the HGU title for a subsequent period of 35 years after the term of the extension expires.

The basic provisions concerning land in Indonesia are regulated under the Agrarian Law. However, the land rights in Indonesia are further regulated under Government Regulation No. 18 of 2021 concerning Management Rights, Land Rights, Flat Units and Land Registration, along with a number of new provisions governing various land rights and land registration procedures.

In addition, land rights are also stipulated under the Ministry of Agrarian Affairs and Spatial Planning / Head of National Land Agency No. 18 of 2021 on Procedures for Determining Right to Manage and Land Rights ("**MOA Regulation No. 18/2021**"). MOA Regulation No. 18/2021 was issued on 29 April 2021. It generally provides the procedures for applying and granting land rights (*hak atas tanah*), including Rights to Cultivate (*Hak Guna Usaha*). Rights to cultivate are granted for agricultural (including plantation), animal husbandry and fishery/fishpond business activities.

PT MKH and PT SPS have obtained the relevant land titles in the form of HGU and HGB.

(c) Law No. 3 of 2014 on Industrial Affairs as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law ("Industrial Law")

Industrial sector in Indonesia is generally stipulated under the Industrial Law. As an implementing regulation, the Government has issued Government Regulation No. 28 of 2021 on the Industrial Sector as amended by Government Regulation No. 46 of 2023 ("**GR 28/2021**"). Overall, the following key areas are addressed by GR 28/2021: (a) supervision of industrial undertakings and industrial estate operators; (b) access to and utilisation of raw materials; (c) application of the Indonesian National Standards (SNI), technical specifications and procedural guidelines; and (d) strategic industries.

Failure to comply with the requirement for industrial business undertakings under GR 28/2021 may lead to administrative sanction in the form of (i) written warning, (ii) administrative fines, (iii) temporary closing of business, (iv) suspension of business licence, and/or (v) revocation of business licence.

In relation to the licence in the industrial sector, PT MKH is currently in the process of obtaining the verified standard certificate as required under the current licensing regime. As a part of the process, the mandatory technical verification, a requirement under the OSS-RBA which came into effect on 2 February 2021, has been carried out on 5 January 2023, following the Company's application for the verification of the standard certificate for KBLI 10431 (Crude Oil Palm Industry) since 2022. Based on the assessment by the verification team from the Directorate General of Agro-Industry of the Ministry of Industry, PT MKH has fulfilled all of the requirements in the industrial sector and is ready to commence the production activities. As a follow-up, PT MKH has uploaded these documents to the OSS-RBA to obtain a verified standard certificate for KBLI 10431 (Crude Oil Palm Industry) and it is expected to be obtained by 3rd quarter of 2024. The technical verification for KBLI 10432 (Crude Oil Palm Kernel Industry) has yet to be verified and/or assessed by the Directorate General of Agro-Industry of the Ministry of Industry as at LPD, and such assessment and technical verification on PT MKH's PK crushing facility are expected to be conducted in 2nd quarter of 2024. Upon completion of such assessment and technical verification, an application for the verification of the standard certificate for KBLI 10432 (Crude Oil Palm Kernel Industry) will be submitted to the Directorate General of Agro-Industry of the Ministry of Industry.

PT MKH was informed by the Ministry of Industry that SIINas system (Ministry of Industry's online system) that should be used for the application of technical verification of the Standard Certificate is still under integration process with the OSS-RBA and thus, it still cannot be used at this point of time. There is no penalty or sanction stipulated under GR 28/2021 pertaining to the aforementioned issue. To date, PT MKH has never received any notice of non-compliance, warning letters or sanctions in relation to this issue.

(d) Law No. 32 of 2009 on Environmental Protection and Management as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law ("Environmental Law")

Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including the Environmental Law and its implementing regulations, which, among others, are GR No. 22/2021 and Minister of Environment and Forestry Regulation No. 4 of 2021 ("**Regulation No. 4/2021**"). In conjunction with GR No. 22/2021, the Environmental Law stipulates that all business sectors that are required to obtain an AMDAL or UKL/UPL as a pre-requisite for companies to obtain their business licensing (*perizinan berusaha*). These regulations introduce the term Environment Approval (*Persetujuan Lingkungan*) to distinguish it from the previous environmental licensing regime. The Environment Approval is integrated with the business licensing so business undertakings are now no longer required to obtain a standalone Environment Licence. As consequence to the integration of Environment Approval with business licensing, administrative sanction under GR No. 22/2021 will be imposed directly on the company's business licensing, leading to suspension or cessation of the company's business activities as a whole and fines.

Under Regulation No. 4/2021, crude oil palm industry (KBLI 10431) and crude oil palm kernel industry (KBLI 10432) with an aggregate land area 10.0 Ha or more require an AMDAL, and if the aggregate land area is between 1.0 Ha to 10.0 Ha, UKL/UPL will be needed. If such company owns crude palm oil processing that is integrated with the crude oil palm industry (KBLI 10431) and crude oil palm kernel industry (KBLI 10432), an AMDAL will be required as well. The same goes for oil palm plantation activity (KBLI 01262) which requires an AMDAL.

PT MKH and PT SPS are in the midst of applying for the Environmental Approval. For further details on this matter, please refer to our notes in Section 6.7.

(e) Minister of Environment and Forestry Regulation No. 5 of 2021 on Procedure for Issuing Technical Approval and Operational Feasibility Letter in the Field of Environmental Pollution Control ("Regulation No. 5/2021")

In order to carry out the mandate regulated in GR No. 22/2021, the Minister of Environment and Forestry has issued Regulation No. 5/2021, which outlines the various requirements and procedures for the issuance of technical approvals and operational feasibility letter ("**SLO**") for the following activities:

(i) Wastewater disposal and/or utilisation, which encompass the following:

(aa) disposal of wastewater into surface water bodies, certain formations or seas; and

(bb) utilisation of wastewater within certain formations or for applications to soil; and

(ii) Releases of emissions

The securing of technical approvals and SLO are mandatory in relation to the implementation of the abovementioned activities by any businesses and/or through activities for which the following documents are required:

(aa) Environmental Impact Analyses (Analisis Mengenai Dampak Lingkungan – "**AMDAL**"); or

(bb) Environmental Management Efforts and Environmental Monitoring Efforts (Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup – "**UKL-UPL**").

It is important to note that based on Environmental Law, any person who intentionally commits a violation (wrongdoing) that causes the excess of the ambient limit of the standard of air quality, water quality, seawater quality, or the standard criteria of environmental damage, shall be punished with imprisonment of minimum 3 years and maximum 10 years and a fine of at least Rp3,000,000,000 at most Rp10,000,000,000. In case the violation as cited above (i) causes injury and/or hazard to human health, the person shall be punished with imprisonment for a minimum of 4 years and a maximum of 12 years and a fine of at least Rp4,000,000,000 and at most Rp12,000,000,000, or (ii) causes serious injury and/or death, the person shall be punished with imprisonment for a minimum of 5 years and a maximum of 15 years and a fine of at least Rp5,000,000,000 and at most Rp15,000,000,000.

PT MKH and PT SPS are in the midst of applying for the Environmental Approval. For further details on this matter, please refer to our notes in Section 6.7.

(f) Minister of Agrarian/Head of National Land Agency Regulation No. 13 of 2021 on the Implementation of the Accordance of Space Utilisation Activities and the Synchronization of Space Utilisation Programs ("Regulation No. 13/2021")

This regulation aims to implement the provisions of Article 146 paragraph (1) Government Regulation Number 21 of 2021 concerning Spatial Planning ("**GR No. 21 of 2021**"). Basically, Regulation No. 13/2021 stipulates the details of the processes involved in the issuance of Accordance of Space Utilisation Activities (Konfirmasi Kesesuaian Kegiatan Pemanfaatan Ruang or "**KKPR**") for business activities, KKPR for non-business activities, and KKPR for national strategic activities, as well as the implementation of the Synchronization of Space Utilisation Programs (Sinkronisasi Program Pemanfaatan Ruang or "**SPPR**"). KKPR will be conducted through OSS-RBA.

Failure to obtain the relevant KKPR, the business undertakings may not be able obtain the required business licensing allowing it to engage in its business activities.

PT MKH and PT SPS have obtained this KKPR and complied with the requirements.

(g) Law No. 25 of 2007 on Investment, as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law ("Investment Law")

The Investment Law is aimed to promote domestic and foreign investment in Indonesia by granting several incentives to the investors, including but not limited to provisions of tax and financial incentives, immigration facilities for foreign workers and assistance in the licensing for imports. Furthermore, the Investment Law provides that all business sectors are open for foreign investment, except for the business sector that is determined as closed for foreign investors, or the business sector that is reserved to the Government of Republic Indonesia.

In this regard, the President of the Republic of Indonesia has issued the Government Regulation No. 5 of 2021 regarding The Organization of Risk-Based Business Licensing, as partially revoked by Government Regulation No. 11 of 2023 on Measured Fishing ("**GR No. 5/2021**") and Presidential Regulation No. 10 of 2021 on Investment Business Fields, as amended by Presidential Regulation No. 49 of 2021 ("**PR No. 10/2021**"). PR No. 10/2021 is issued with the objective to further enhance investment activities in Indonesia and enhance the competitiveness of the national economy in the face of the ASEAN Economic Community and the dynamics of economic globalisation, while enhancing the protection of various strategic sectors of the national companies and the micro, small and medium enterprises, and cooperatives ("**UMKMK**"), as well as enhancing the collaboration between foreign investors and UMKMK.

PR No. 10/2021 stipulates that generally, every business field is open for foreign investment, except for the business field that is determined as closed for foreign investment, or the business field that is reserved for the government of Republic Indonesia. Since the agricultural business is not included under GR No. 5/2021 and PR No. 10/2021 does and their annexes, under the new regime, palm oil plantation sector is 100% open for foreign investment, provided that the foreign investor fulfils all the obligations set out under GR No. 5/2021 and PR No. 10/2021.

After the enactment of GR No. 5/2021, every business in Indonesia will be carried out based on their risks through the OSS-RBA, a system operated by OSS under the Indonesian Investment Coordinating Board/Ministry of Investment (*Badan Koordinasi Penanaman Modal/Kementerian Investasi* or "**BKPM**").

PT MKH and PT SPS have obtained the licences issued by the OSS-RBA, save for the verified standard certificate which is expected to be obtained by the 3rd quarter of 2024. For further details on this matter, please refer to Section 6.7.

(h) Law No. 13 of 2003 on Manpower as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law ("Manpower Law")

Generally, Indonesian employment law is governed by Manpower Law. The government has issued government regulations to implement the Manpower Law, namely:

- Government Regulation No. 35 of 2021, dated 2 February 2021, regarding Fixed-Term Employment Contracts, Outsourcing, Work and Rest Time, and Termination of the Work Relationship; and

- Government Regulation No. 36 of 2021, dated 2 February 2021, regarding Salary, as amended by Government Regulation No. 51 of 2023.

The two other main laws and regulations are:

- Law No. 2/2004, dated 14 January 2004, regarding industrial relations dispute settlement; and

- Law No. 21/2000, dated 4 August 2000, regarding labor unions.

In addition to the above laws, employers and employees are also subject to company regulations (or work rules) or a collective labor agreement (CLA), if applicable, as well as the express provisions of the employment agreement between the employer and the employee. There is also prohibition to perform child labor (child means every person who is under the age of 18). Any employer who performs child labor is subject to a criminal sanction in for of imprisonment for a minimum of 2 years and a maximum of 5 years and/or a fine of a minimum of Rp200,000,000 and a maximum of Rp500,000,000.

PT MKH and PT SPS have complied with the Manpower Law provisions, including but not limited to the minimum wage requirements, social security requirements, and reporting requirements.

(i) Minister of Agriculture Regulation No. 98/PERMENTAN/OT.140/ 9/2013 as amended by Minister of Agriculture Regulations No. 29/PERMENTAN/KB.410/5/2016 Tahun 2016 and No. 21/Permentan/KB.410/6/2017 on Guidelines for Plantation Permits ("Regulation No. 98/2013")

Regulation No. 98/2013 aims to improve the regulatory framework for plantation business licensing governed by the previous Minister of Agriculture Regulation No. 26/Permentan/OT.140/2007. Regulation No. 98/2013 contains the guidelines for the licensing of plantation business, plasma programme, and limitation of an overall cap of 100,000 Ha on the aggregate area of palm plantation concessions within Indonesia that may be vested in a single company or in a group.

Under Regulation No. 98/2013, there are 3 types of plantation businesses; i.e. cultivation business, crops/product processing business and plantation services business. A plantation company which has obtained a plantation business permit must submit an annual report regarding its business development, at least, once a year to the issuer of plantation business licence and the Minister of Agriculture. Failure to comply with such reporting obligation, the Indonesian government may impose administrative sanctions in the form of warning letters up to the revocation of the Plantation Business Licence.

PT MKH and PT SPS have obtained the required plantation business licence. For further details on this matter, please refer to Section 6.7.

(j) Minister of Agriculture Regulation No. 18 Year 2021 on Plantation Development Facilitation for Surrounding Community ("MOA Regulation 18/2021")

Any plantation companies which have obtained Plantation Business Licence of Cultivation, Plantation Business Licence of Processing and Plantation Business Licence of Cultivation and Processing ("**Integrated IUP**") are subject to several obligations, among other things:

(i) facilitating the development of community plantation along with the construction of company's plantation; and

(ii) having a partnership with farmers, employees, and community.

The Plantation Development Facilitation for Surrounding Community 's obligation may be carried out through the following schemes:

(a) credit scheme;

(b) profit sharing scheme;

(c) other financing scheme as agreed by the parties; and/or

(d) other partnership schemes.

Failure to comply with above obligation, the Indonesian government may impose administrative sanctions in the form of warning letters up to the revocation of the Integrated IUP.

PT MKH and PT SPS have complied with these requirements. For further details on this matter, please refer to Section 6.5.

(k) Regulation of the President of The Republic of Indonesia No. 44 of 2020 on Indonesian Sustainable Palm-Oil Certification System ("Regulation No. 44/2020")

Pursuant to Regulation No. 44/2020, Indonesian Sustainable Palm Oil Certification System ("**ISPO Certification**") is a palm plantation business system that is economically, socially, and environmentally feasible, based on the Indonesian applicable laws and regulations. ISPO Certification is regulated to ensure that the palm plantation companies and palm plantation business consistently complies with the ISPO Certification's principles and criteria, in order to produce palm oil sustainably. The implementation of ISPO can be mandatory or voluntary, depending on the nature of each palm plantation company or business. ISPO Certificate is issued upon engagement from a certification institution (lembaga sertifikasi) to conduct the certification assessment based on ISPO Certification's principles and criteria. A certification institution (lembaga sertifikasi) is an independent institution that has obtained the recognition from the ISPO Commission and has been accredited by the National Accreditation Committee (Komite Akreditasi Nasional) for quality management system and environmental management system. In the event of an absence of an ISPO Certificate, the Indonesian government may impose administrative sanctions in the form of warning letters up to the revocation of Plantation Business Permit (Izin Usaha Perkebunan).

PT MKH and PT SPS have obtained the ISPO certificate respectively.

(l) Law No. 17 of 2023 on Health ("Health Law")

The Health Law stipulates that every individual is entitled to a healthy environment for good health. The Indonesian government is responsible to plan, regulate, perform, develop, and supervise the implementation of distributed and affordable health measures through public services. The Indonesian government and the public are also required to guarantee the availability of healthy environment, which includes housing, working place, recreational area and public facilities. The Health Law stipulates that healthy environment shall be free from, among others, liquid wastes, dangerous chemical substances, and polluted water. Business entities are required to guarantee the health of their employees by way of prevention, improvement, medication, recovery measures as well as bearing their employees' health care costs in accordance with the laws and regulations.

PT MKH and PT SPS have complied with the Health Law requirements and have applied a healthy environment within PT MKH and PT SPS' area.

(m) Government Regulation No. 47 of 2012 on Corporate Social and Environmental Responsibility ("GR No. 47/2012")

GR No. 47/2012 was enforced in order to impose a mandatory CSR regime for "natural resource-based" and "natural resource-related" companies as mandated by Article 74 of the Company Law. Under GR No. 47/2012, a company's director is responsible to implement the company's CSR activities and required to prepare an annual CSR operation plan, including an annual CSR budget plan. Such annual operation and budget plans must be prepared based on the "appropriateness and reasonableness" described as the financial capacity of the company having regard to the risks that give rise to the social and environmental responsibilities that must be borne by the company, subject to the obligations of the company as set out in the legislation governing the company's business operations. Therefore, the higher the company's profit and the greater the impact of its operation to the environment, the more resources the company must allocate for its CSR activities.

PT MKH and PT SPS are in compliance with the requirements under GR No. 47/2012. Please refer to Section 6.11 for the CSR activities carried out by PT MKH and PT SPS.

(n) Government Regulation No. 20 of 2021 on The Control over Abandoned Areas and Lands ("GR No. 20/2021")

Pursuant to GR No. 20/2021, a person or legal entity which owns or possesses any kind of land rights (HM, HGU, HGB, HP or Right to Manage (Hak Pengelolaan)) must use their land according to their respective purposes in accordance with the social function of the land. The landowner must also report the utilisation of their land from time to time. The Head of Agency (the government or local authority that issued the licence/concession/business licensing) will conduct evaluation of abandoned area to ensure that the landowner utilise their land. In the event that the evaluation result shows that the land is abandoned or not utilized, the Head of Agency convey a written warning to the landowner. If after the third warning letter the land is still not utilised, the Head of the Agency stipulate such land as an abandoned land, followed by the revocation of the landowner's business licensing and/or the land will become an area that is controlled directly by the state (dikuasai langsung oleh negara).

PT MKH and PT SPS has respectively obtained the relevant land titles in the form of HGB and HGU, and thus, PT MKH and PT SPS have controlled over abandoned areas.

(o) Regulation of the Minister for Agrarian and Spatial Affairs/Head of National Land Agency No. 21 of 2020 on The Handling and Settlement of Land Dispute ("Regulation No. 21/2020")

Regulation No. 21/2020 provides provisions regarding all land-related cases, conflict, dispute settlements, supervision and management and legal aid and protection. In general, in order to handle and resolve land disputes and conflicts, as well as cases related to land, the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency will receive any complaints originating from the following parties: (i) Individuals or community members; (ii) Community groups; (iii) Legal entity; (iv) Government agencies; and (v) Ministry technical units, regional offices of the National Land Agency and land offices. The settlement of the dispute can also be conducted through mediation and through traditional institution (lembaga adat) based on local culture (kearifan lokal).

PT MKH and PT SPS has respectively obtained the relevant land titles in the form of HGB and HGU and does not have any dispute related to the land.

(p) Intellectual Property Rights Laws and Regulations

The types and regulation of Intellectual Property Rights in Indonesia are Copyright by Law No. 28 of 2014, Patent by Law No. 13 of 2016 as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law, Trademarks and Geographical Indications by Law No. 20 of 2016 as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law, Industrial Design by Law No. 31 of 2000, Integrated Circuit Layout Design by Law No. 32 of 2000, Trade Secrets by Law No. 30 of 2000, and Plant Variety Protection by Law No. 29 of 2000 as amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law.

PT MKH and PT SPS have entered into licence agreement on the trademarks with our Company and have complied with the Intellectual Property Rights Laws and Regulations.

(q) Taxation Laws and Regulations

According to Law No. 6 of 1983 concerning General Provisions and Tax Procedures as lastly amended by Law No. 6 of 2023 on the Ratification of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation as a Law and DGT Regulation No. PER-04/PJ/2020 Technical Instructions for Implementation of Administration of Taxpayer Identification Number, Electronic Certificate, and Confirmation of Taxable Entrepreneur, every taxpayer which has fulfilled the subjective and objective requirements according to taxation laws and regulation, shall register to the relevant Tax Service Office whose working area covers the domicile and project location of the taxpayer.

Whoever deliberately fails to apply to be given a taxpayer registration number which may cause losses to the state's revenue shall be punished by imprisonment for a minimum of 6 months and maximum of 6 years and by fine for a minimum of 2 times the amount of unpaid or underpaid tax and maximum of 4 times the amount of unpaid or underpaid tax.

PT MKH and PT SPS have respectively obtained a taxpayer registration number and comply with the taxation laws and regulations.

(r) Own Interest Terminal Laws and Regulations

Own Interest Terminal (Terminal Untuk Kepentingan Sendiri, "**TUKS**") is regulated under Regulation of the Minister of Transportation No. PM 52 of 2021 on Special Terminals and Private (Own Interest) Terminals. Business entities may construct and operate own interest terminals in order to support certain activities within the relevant ports' work authority areas (*daerah lingkungan kerja* – "**DLKr**") and interest authority areas (*daerah lingkungan kepentingan* – "**DLKp**").

In terms of the management of TUKS, Regulation 20/2017 required said management to be carried out based on cooperation with port operators and upon the securing of approvals from the Director-General or from the relevant governors or regents/mayors, depending on the locations of terminals. Said approvals were granted for ten-year periods and could be extended upon the fulfilment of certain requirements.

PT MKH currently operates a TUKS to support its main business activity and has obtained the required license to operate a TUKS.

As at LPD, PT MKH and PT SPS are in the midst of applying for the Environmental Approval which covers the B3 licence under the new regulatory regime in the form of Technical Details for B3 (as stated in items (d) and (e) above) and PT MKH is in the midst of obtaining the verified standard certificate (as stated in item (c) above). Please refer to Section 6.7 for further details on the Environmental Approval and verified standard certificate including the status and processes of application. As at LPD, our Group is in compliance with the governing laws, regulations, rules or requirements relating to our business.

6.11 ENVIRONMENT, SOCIAL AND GOVERNANCE PRACTICES

Our Group is committed to act responsibly in its business operations, including to its business stakeholders, its employees and the local community around its plantation estates. As an oil palm plantation group, our Group is exposed to risks related to environmental, health and safety issues in the oil palm industry in Indonesia, hence our Group implements sustainability practices across all facets of its businesses. With this in place, our environment, social and governance practices strives to be in-line with the Sustainability Reporting Guide issued by Bursa Securities, which seeks to help Main Market and ACE Market listed companies to embed sustainability in their operations. Moving forward, our Group shall endeavour towards ensuring that our environment, social and governance practices are disclosed to our various stakeholders in a detailed manner (including disclosures on our Group's management of material sustainability matters) via the preparation of Sustainability Statements in line with Bursa Securities' Sustainability Reporting Guide, of which our Group has appointed PricewaterhouseCoopers Risk Services Sdn Bhd in August 2023. Our Group is in the midst of adopting the sustainability practices as recommended to our Board based on the developed framework on environment, social and governance. Our Group's operations are guided by the following practices, principles, policies and processes to ensure the sustainability of its business:

6.11.1 Environmental practices

Our Group is committed to preserve a healthy ecosystem at its plantation estates via good estate management/plantation practices, including:

(a) adoption of zero-burning policy during land clearing and putting up various signboards on environment preservation and wildlife protection as a constant reminder to our Group's plantation workers as they carry out their daily duties;

(b) installation of an integrated drainage system across our Group's plantation estates as part of its water management practices as well as to maintain the moisture level of soil to promote growth of oil palm trees;

(c) reduction of the application of agrochemicals through the use of natural alternatives such as planting of beneficial plants to combat pests, as well as introduction of barn owls for pest control in our Group's plantation estates;

(d) treatment of POME which are accumulated from palm oil milling process and used for land application in our Group's plantation estates;

(e) generation of electricity for domestic consumption in certain parts of our Group's plantation estates by using by-products produced during palm oil milling, i.e. PK shell and mesocarp fibre as fuel for the boiler to generate steam for the electricity turbine;

(f) reuse of by-products from our Group's palm oil milling process, i.e. EFB and decanter cake, as fertilisers for its plantation estates;

(g) reduce the usage of plastic and shrink wrap, as well as recycle of dry waste such as plastic, shrink wrap and cartons by selling them to recycling companies for alternative uses; and

(h) adoption of no child labour and no discrimination policies where our Group commits to protect children's and workers' welfare.

As at LPD, our Group has not experienced any environmental issues at our plantation estates.

6.11.2 Health, safety and social

Our Group places strong emphasis on ensuring the well-being of its workers. Our Group has established a Safety and Health Committee to develop in-house occupational health and safety rules, review the policies and ensure that all employees are in a safe working environment. Initiatives undertaken by our Group to ensure the health, safety and well-being of its employees include:

(a) building and provision of infrastructure and facilities such as ATMs, mini market, staff quarters, recreational facilities and prayer facilities to improve the livelihood and living convenience of our Group's workers and the local community;

(b) availability of a 24-hour clinic with medical personnel on duty and essential medical equipment to address the medical needs of the community;

(c) implementation of health programme and regular fogging to prevent dengue;

(d) equipping our Group's workers with the necessary safety and protection equipment for work, such as face masks, rubber boots and gloves;

(e) regular cleaning activities to ensure the cleanliness and hygiene of workplace and living quarters; and

(f) imposition of infection control measures during the COVID-19 pandemic, to protect our Group's employees against potential COVID-19 infection.

Further, our Group has also received several appreciations/awards in recognition of its emphasis on the health, safety and well-being of its employees, as follows:

Year	Appreciation / award	Awarding body
2020	Appreciation on the implementation of prevention and control programme on HIV and AIDs at workplace (Gold standard)	Governor of East Kalimantan
2021	Appreciation on the implementation of prevention and control programme on HIV and AIDs at workplace (Platinum standard)	Governor of East Kalimantan
2021	Appreciation on the prevention of COVID-19 at workplace (Gold standard)	Governor of East Kalimantan
2022	Appreciation on the prevention of COVID-19 at workplace (Platinum standard)	Ministry of Manpower of the Republic of Indonesia

As an oil palm group in Indonesia, our Group is obligated to participate in the Plasma Programme initiated by the Government of Indonesia to facilitate the development of community plantation and to establish cooperation between plantation companies and community members in the village to improve the wellbeing of underprivileged communities and reduce socio-economic disparities.

As part of our Group's CSR initiatives, our Group has also established a pre-school, a primary school and junior secondary school (from Grade 7 to Grade 9) to provide education to the children of our estate workers. Further, as our Group is concerned with community needs and the front-liners since the COVID-19 pandemic outbreak, our Group donated more than 100,000 pieces of face masks to the Provincial Government of Kutai Kartanegara and communities near our plantation estates. Our Group also donated oxygen regulators to Kutai Kartanegara Health Office (Dinas Kesehatan Kutai Kartanegara) for the welfare of the patients.

Additionally, our Group organised blood donation drives to encourage blood donation and conducted fogging activities at the surrounding community and staff quarters to prevent dengue.

6.11.3 Governance

Our Group recognises the importance of promoting good corporate governance to ensure long term sustainability, growth and delivering value. As such, our Group is committed to uphold the highest standards of corporate governance and ethical conduct in accordance with the principles and practices of corporate governance as set out in the MCCG.

PT MKH obtained its ISPO certification since 4 April 2017 while PT SPS obtained the ISPO certification (with a 5-year certification) from PT Global Inspeksi Sertifikasi, an accredited certification body of ISPO on 27 July 2022. Our Group has met the criteria under the ISPO certification including but not limited to environmental management and monitoring, s ocial and community responsibility, sustainable business development as well as the technical guidelines for oil palm cultivation and processing where our Group conform to good agricultural practices.

6.12 EMPLOYEES

The breakdown of our employees as at 30 September 2023 and LPD are as follows:

	Permanent		Contractual		
Department/ Business function	**Local**[(1)]	**Foreign**[(2)]	**Local**[(1)]	**Foreign**[(2)]	**Total**
As at 30 September 2023					
Director	-	2	-	-	2
Key senior management	-	4	-	-	4
Administrative, finance and information technology	90	13	6	-	109
Field audit/R&D	29	-	5	-	34
General workers[(3)]	1,934	2	331	-	2,267
Harvesters	1,033	-	364	-	1,397
Support[(4)]	321	1	30	-	352
Palm oil milling	171	1	10	-	182
Jetty	30	-	-	-	30
Purchasing	12	1	1	-	14
Logistics	14	-	-	-	14
Total	**3,634**	**24**	**747**	**-**	**4,405**

6. INFORMATION ON OUR GROUP *(Cont'd)*

Department/ Business function	Permanent		Contractual		
	Local[(1)]	**Foreign**[(2)]	**Local**[(1)]	**Foreign**[(2)]	**Total**
As at LPD					
Director	-	2	-	-	2
Key senior management	-	4	-	-	4
Administrative and IT	58	10	6	-	74
Audit and finance	33	4	5	-	42
Field audit/R&D	32	-	1	-	33
General workers[(3)]	2,029	2	295	-	2,326
Harvesters	1,183	-	292	-	1,475
Support[(4)]	330	2	16	-	348
Palm oil milling	178	1	3	-	182
Jetty	30	-	-	-	30
Purchasing	13	1	1	-	15
Logistics	13	-	1	-	14
Total	**3,899**	**26**	**620**	**-**	**4,545**

Notes:

(1) Refers to Indonesian employees.

(2) Refers to non-Indonesian employees i.e. Malaysian employees.

(3) Comprises general workers that carry out planting, chemical spraying, application of fertilisers, general maintenance and other labour works.

(4) Comprises support personnel in human resources and general affairs; health, safety and environment; ISPO compliance; geographic information system; land business development and quality management system.

As at LPD, our Group has a total workforce of 4,545 employees of which 3,925 are permanent employees and 620 are contractual employees. None of our employees are member of any union nor have there been any major industrial disputes in the past.

For information purposes, our Group had on 31 March 2023 terminated the management services agreement entered into with MKH Resources for the provision of internal audit, human resources and administration and IT to our Group.

In this respect, Chen Wei Chyong, our Executive Director, was appointed to oversee our Group's IT, human resource and administration functions, which were set up in April 2023, where she is supported by 42 personnel, of which 5 are local employees and 37 are Indonesian employees, with respective functional expertise. Our Group has set up an internal audit function to plan and execute the annual audit plans, subject to review and evaluation of our Audit and Risk Management Committee, as well as to provide assurance that our business and operations are carried out in accordance with our Group's relevant policies and procedures. In October 2023, we have recruited an internal audit manager which possess knowledge in internal audit and established our internal audit system.

All foreign employees (i.e. Malaysian employees) employed by us have valid working permits and are not in breach of any immigration laws.

7. BUSINESS OVERVIEW

7.1 HISTORY OF OUR GROUP

The history of our Group can be traced back to 19 November 2004 when our parent company, MKH acquired the entire equity interest in our Company as a shelf company. Between 2006 and 2019, there were 3 allotments of shares of our Company to MKH, and MKH remained as the sole shareholder of our Company. Apart from these allotments, in 2011 and 2013, there was an allotment of RCPS each year to Metro Kajang (Oversea), which were all redeemed and converted to ordinary shares in 2021 and resulted in Metro Kajang (Oversea) owning 43.27% equity interest and MKH owning the remaining 56.73% equity interest in our Company.

The acquisition of our subsidiaries and changes in shareholdings, as well as the history and development of our Group and business operations since 2008 are as follows:

Incorporation/acquisition of our subsidiaries and changes in shareholdings

As part of MKH's plan to venture into oil palm plantation business, on 18 January 2008, our Company acquired the entire equity interest in SJL Utama Pte Ltd ("**SJL**"), a company incorporated in Labuan, Malaysia which had a 94.998%-owned subsidiary named PT MKH, with the remaining equity interests held by PT Khaleda Anugerah Utama ("**PT Khaleda**") (4.998%), Ong Khek Gee (0.002%) and Juhni Mirza (0.002%). PT MKH owned approximately 15,942.6 Ha of plantation land located in East Kalimantan, Indonesia. Before the acquisition of the entire equity interest in SJL, our Company had remained dormant since the acquisition by MKH.

On 1 July 2009, our Company acquired 94.998% equity interest in PT MKH from SJL, resulting in PT MKH becoming our directly-owned subsidiary. This was in preparation of the cessation of SJL's business to streamline the corporate structure of MKH, whereby SJL was subsequently struck off from the register of Labuan Financial Services Authority with effect from 15 November 2011. On the same date, another subsidiary under MKH, namely Metro Kajang (Oversea), acquired 0.002% equity interest in PT MKH from Ong Khek Gee.

Between 2015 and 2018, PT MKH undertook 3 allotments of shares to its shareholders, namely PT Khaleda, Juhni Mirza and Metro Kajang (Oversea); and on 7 February 2018, Juhni Mirza disposed his entire equity interest to PT Khaleda; which resulted in Metro Kajang (Oversea) owning 0.67% equity interest, PT Khaleda owning 5.00% equity interest, and our Company owning the remaining 94.33% equity interest in PT MKH.

On 27 March 2017, as part of our expansion plans, MKH Plantation, a wholly-owned subsidiary of MKH, acquired 75.00% equity interest in PT SPS, with the remaining equity interest held by Ivakijaya (20.00%) and PT Khaleda (5.00%). PT SPS owned approximately 2,445.5 Ha of plantation land located adjacent to the plantation land owned by PT MKH.

In 2021 and 2022, PT Khaleda transferred all of its equity interest in PT MKH (5.00%) to PT Hikmat, resulting in PT Hikmat owning 5.00% equity interest, Metro Kajang (Oversea) owning 0.67% equity interest, and our Company owning the remaining 94.33% equity interest in PT MKH. Over the same period, PT Khaleda transferred all of its equity interest in PT SPS (5.00%) to PT Hikmat, resulting in PT Hikmat owning 5.00% equity interest, Ivakijaya owning 20.00% equity interest, and MKH Plantation owning the remaining 75.00% equity interest in PT SPS.

As part of the Pre-IPO Reorganisation and in preparation for our Listing, our Company has undertaken the Acquisition of PT MKH and Acquisition of PT SPS to acquire the remaining 5.67% equity interest in PT MKH that are owned by PT Hikmat (5.00%) and Metro Kajang (Oversea) (0.67%); as well as the entire equity interest in PT SPS that are owned by PT Hikmat (5.00%), Ivakijaya (20.00%), and MKH Plantation (75.00%). The Acquisition of PT MKH and the Acquisition of PT SPS were completed on 20 December 2023, and PT MKH and PT SPS became our wholly-owned subsidiaries.

History and development of our Group and business operations

Upon the acquisition of SJL in 2008, we purchased oil palm seedlings from third party suppliers and commenced the cultivation of seedlings by setting up a nursery on the plantation land. By end of 2008, we had planted oil palms on approximately 20.0% of the total plantation land; and by end of 2009, we had planted oil palms on approximately 55.0% of the total plantation land. By end of 2010, approximately 90.0% of the plantation land was planted with oil palms.

In January 2011, we began to harvest FFB and commenced sale of FFB to third party palm oil mills. In October 2011, we completed the construction of a palm oil mill with a processing capacity of 60 MT FFB per hour, on the plantation estate owned by PT MKH, to commence the processing of FFB harvested from our plantation estate to produce CPO and extract PK. With this, we ceased selling FFB to third party palm oil mills as we began processing all FFB harvested from our plantation estate in our palm oil mill, except during periods where our palm oil mill undergoes annual major maintenance.

With the aim to increase the operational capacity of our palm oil mill as part of our expansion plan and to meet our rising FFB production, in July 2014, we upgraded our palm oil mill to a capacity of 90 MT FFB per hour.

Upon the acquisition of PT SPS in 2017, the total area of our oil palm plantation land increased to 18,388.1 Ha. At the point of acquisition, approximately 70.0% of the plantation land of PT SPS was already planted with oil palms.

On 4 April 2017, PT MKH obtained the ISPO certification from PT SGS Indonesia, an accredited certification body of ISPO as a testament to the sustainability of our plantation practices and in recognition of our compliance with the relevant laws and regulations in Indonesia. On 27 July 2022, PT SPS obtained the ISPO certification from PT Global Inspeksi Sertifikasi, an accredited certification body of ISPO. Please refer to Section 7.1.1 for further details of the certifications and awards obtained by our Group.

As our oil palms began entering the prime mature stage with peak FFB harvest, we recognised the importance of enhancing the productivity in our plantation estates. In 2018, we purchased and commissioned over 100 units of powered wheelbarrows to replace some of our conventional wheelbarrows for the collection of FFB, thus increasing our in-field mobility and operational efficiency in FFB collection. Further, we began implementing more mechanisation processes and adopted more technology to enhance the productivity and efficiency of FFB collection in our plantation estates. Please refer to Section 7.7 for further details of the technology adopted by our Group.

In October 2018, our Group began to undertake the building materials trading business in Malaysia, together with another subsidiary under MKH, namely MKH Building Materials Sdn Bhd. Subsequently in 2021, our Group had ceased the building materials trading business since 1 January 2021 for the preparation of our Listing.

7.1.1 Certification and awards

Our Group adopts plantation practices that focus on the efficiency of our plantation management and quality of our crop. Among the areas of our plantation practices include field upkeep and weed control, soil fertility and conservation, pest management, mechanisation, water management, harvesting and crop quality, as well as safety, health and environment management. The adoption of these plantation practices has improved FFB yields in our plantation estates as well as OER and KER in our palm oil mill. It helps to ensure the quality of our products. Please refer to Section 7.4.1 for further details of the plantation practices adopted by our Group.

As a testament to the quality of our products and the efficiency of our plantation practices, our Group was awarded with the following certifications and awards:

Certifications

Certification	Processing facility / scope	Certification body/ awarding body	Date first awarded	Current validity period
ISPO	Compliance with the ISPO certification system of the plantation estate and palm oil mill owned and operated by PT MKH	PT SGS Indonesia	4 April 2017	11 August 2025
ISPO	Compliance with the ISPO certification system of the plantation estate owned and operated by PT SPS	PT Global Inspeksi Sertifikasi	27 July 2022	26 July 2027
Company performance rating assessment programme in environmental management (PROPER) – Blue (2015 to 2020) and Green (2021 to 2023)	Conformance to the requirements in efforts carried out to control pollution and/or damage to the environment carried out by PT MKH	Governor of East Kalimantan	5 June 2015	[(1)]N/A

Note:

(1) This is a yearly assessment conducted by the Governor of East Kalimantan on our level of conformance to the requirements in controlling pollution and/or damage to the environment. These certificates are usually issued to our Group in the middle of every calendar year upon the completion of assessments.

This assessment comprises 5 ranks, i.e. from black being the lowest rank, to red, blue, green and gold being the highest rank. Our Group received a Blue rank from 2015 to 2020, and a Green rank from 2021 to 2023. This demonstrates our continuous and enhanced efforts in preserving the environment as part of our business operations.

As mandated by the Indonesian Government, ISPO certification is a mandatory certification scheme for all oil palm growers in Indonesia, with the aim to improve sustainable practices and reduce greenhouse gas emissions in the Indonesian oil palm industry. The scheme is based on relevant prevailing Indonesian laws and regulations which aims to facilitate compliance by palm oil producers as detailed in Section 6.10. To obtain the ISPO certification, we are evaluated and audited by accredited certification bodies of ISPO, from all aspects of the abovementioned plantation practices. Further, we are reviewed regularly by our customers (i.e. downstream refineries and PK crushing mills) based on the scope of ISPO assessment criteria as part of their audit process. In the event that our Group does not meet the ISPO assessment criteria during our customers' audit process, the customers may not purchase CPO and/or PK from us until we meet their ISPO assessment criteria, or may request for higher discount when they purchase CPO and/or PK from us.

Awards

Year	Award	Awarding body
2019	Zero Work Accident Award	Ministry of Manpower of the Republic of Indonesia
2019	Zero Accident Award	Governor of East Kalimantan
2020	Gold Award for Best Foreign Owned Plantation Company	Provincial Government of Kutai Kartanegara, Indonesia
2020	Zero Accident Award	Governor of East Kalimantan
2021	Zero Accident Award	Governor of East Kalimantan
2022	First Class Plantation (Excellence)	Plantation office of Kutai Kartanegara, Indonesia
2022	Zero Accident Award	Governor of East Kalimantan

7.2 DESCRIPTION OF OUR BUSINESS

We are an upstream oil palm plantation group and our operations are based in East Kalimantan, Indonesia. Through our subsidiaries, we are principally involved in:

(a) cultivation of oil palm; and

(b) production and sale of CPO and PK.

As at LPD, our Group owns 2 oil palm plantation estates, 1 palm oil mill and 1 jetty located in East Kalimantan, Indonesia. The harvested FFB in our plantation estates are sent to our palm oil mill for the production of CPO and extraction of PK for onward sales to our customers.

Our principal activities, business model and products are further detailed in the ensuing sections.

7.2.1 Cultivation of oil palm

Through our subsidiaries, we cultivate oil palm and harvest FFB on 2 plantation estates owned by our Group located in East Kalimantan, Indonesia. These 2 plantation estates have a total plantation land area of 18,205.3 Ha, comprising 17,008.8 Ha of planted area and 1,196.5 Ha of unplanted area as at LPD, with details as follows:

	PT MKH	PT SPS	Total
		Ha	
Total planted area	15,012.4	1,996.4	17,008.8
Unplanted area for other purposes (e.g. palm oil mill, management office, housing, nursery, roads, drains, canals)	930.2	266.3	1,196.5
Total land area	**15,942.6**	**[1]2,262.7**	**18,205.3**

Note:

(1) 182.8 Ha of the plantation land area owned by PT SPS has been earmarked for transfer in the form of HGU to Sawit Seguntung Jaya Plantation Cooperative, Puan Cepak Village. The transfer of the plantation land area was to fulfill the obligation of PT MKH under the Plasma Programme whereby PT MKH is obligated to amongst others, provide the plantation facilities and assist in the management of the plantation land. Please refer to Section 6.5(b)(v) for further details of the transfer of plantation land area measuring 182.8 Ha.

Under Plantation Law and MOA Regulation No. 18/2021 (as respectively defined in Section 6.10), the Indonesian Government requires oil palm plantation companies to develop and manage new plantations under the Plasma Programme for local cooperatives which comprise local farmers. Under the Plasma Programme, our Group is required to provide a total of 2,226.0 Ha of plantation land (1,606.0 Ha under PT MKH and 620.0 Ha of plantation land under PT SPS) for plantation development and management for the local cooperatives. To fulfil this requirement, PT MKH and PT SPS have entered into several agreements, among others, Cooperation Agreement for Development of Plasma Plantation between Sawit Seguntung Jaya Plantation Cooperative and PT SPS with the Plasma Core Partnership Pattern dated 20 September 2016 as amended by the first addendum dated 9 July 2018. As at LPD, our Group has fully fulfilled the Plasma Programme requirement, where 1,906.0 Ha of plantation land provided to the local cooperatives have been planted with oil palm, and the remaining 320.0 Ha of plantation land provided to the local cooperatives are yet to be planted as they are pending the issuance of IUP to commence planting. The following table illustrates the Plasma Programme requirement as fulfilled by PT MKH and PT SPS respectively:

Plasma Programme requirement			
Fulfilled	**Land size (Ha)**	**Location**	**Plantation cooperative involved**
PT MKH	(1)1,200	Desa Sedulang	Sawit Sendowan
	(1)406	Desa Puan Cepak	Sawit Sendowan
PT SPS	(1)300	Desa Sedulang	Sawit Sendowan
	(2)320	Desa Puan Cepak	Sawit Seguntung Jaya
	2,226		

Notes:

(1) Pursuant to the Regulation of the Indonesian Minister of Agriculture No. 98/Permentan/OT.140/9/2013 on Guidelines on Plantation Business Licence of Cultivation as amended lastly by the Regulation of the Indonesian Minister of Agriculture No. 21/Permentan/KB.410/6/2017, any oil palm plantation company which obtained its IUP prior to 28 February 2007 and has implemented *Perusahaan Inti Rakyat* (PIR) Plantation Scheme, PIR with transmigration scheme or PIR with Credit Facility for Cooperation (*Kredit Koperasi Primer untuk Anggota*) or any other core-plasma cooperation is not required to develop and manage community/plasma plantations with a plantation area of at least 20.0% of the total planted area. In view that PT MKH obtained its IUP on 15 November 2005, PT MKH was not required to comply with the aforementioned obligations as it was not stated in the Plantation Business Licence of Cultivation (IUP) of PT MKH. Nevertheless, PT MKH and PT SPS have collaborated with Sawit Sendowan Plantation Cooperative pursuant to the Decree of Kutai Kartanegara dated 21 July 2009 on determination of plasma participants in the partnership program in the following manner:

(a) a total of 1,200.0 Ha of land for Sawit Sendowan Plantation Cooperative located at Desa Sedulang has been assigned to PT MKH to develop and manage;

(b) a total of 300.0 Ha of land for Sawit Sendowan Plantation Cooperative located at Desa Sedulang has been assigned to PT SPS to develop and manage; and

(c) a total of 406.0 Ha of land for Sawit Sendowan Plantation Cooperative located at Desa Puan Cepak has been assigned to PT MKH to develop and manage. There was no agreement entered into with Sawit Sendowan Plantation Cooperative in this respect. However, on 24 December 2012, PT MKH had entered into the Cooperation Agreement for Plasma Plantation Development with Sawit Seguntung Jaya Plantation Cooperative, as detailed in Section 6.5(b)(iv), to continue with the development and management of community/plasma plantations after discussion and agreement between PT MKH and the local farmers. For clarity, the entry into the Cooperation Agreement for Plasma Plantation Development with Sawit Seguntung Jaya Plantation Cooperative is in accordance with the Decree of Kutai Kartanegara dated 21 July 2009 on determination of plasma participants in the partnership program.

(2) In view that PT SPS obtained its IUP on 19 October 2009, PT SPS was required to develop and manage community/plasma plantations with a plantation area of at least 20.0% of the total planted area. Based on the principal agreement entered into with Sawit Seguntung Jaya Plantation Cooperative in September 2016, PT SPS was required to develop and manage approximately 320 Ha plantation area based on the planted area of 1,567 Ha at that point in time.

Following the rehabilitation and planting activities by PT SPS, the total planted area of PT SPS' plantation estate has increased to 1,996.4 Ha as at LPD. Pursuant thereto, the relevant supplemental agreement or addendum to the principal agreement in respect of the abovementioned Plasma Programme obligations shall be entered into between PT SPS and Sawit Seguntung Jaya Plantation Cooperative upon the issuance of IUP, which is expected to be obtained by 2nd quarter of 2024, for Sawit Seguntung Jaya Plantation Cooperative, whereby PT SPS shall be required to develop and manage a total of approximately 400 Ha of land (i.e. 320 Ha (already assigned to PT SPS) and 80 Ha (to be assigned to PT SPS)) being the plantation area to be assigned based on the Plasma Programme requirement of at least 20% of total planted area of approximately 1,996.4 Ha by Sawit Seguntung Jaya Plantation Cooperative.

Please refer to Section 6.5(b) for the further details on the agreements entered into with the plantation cooperatives.

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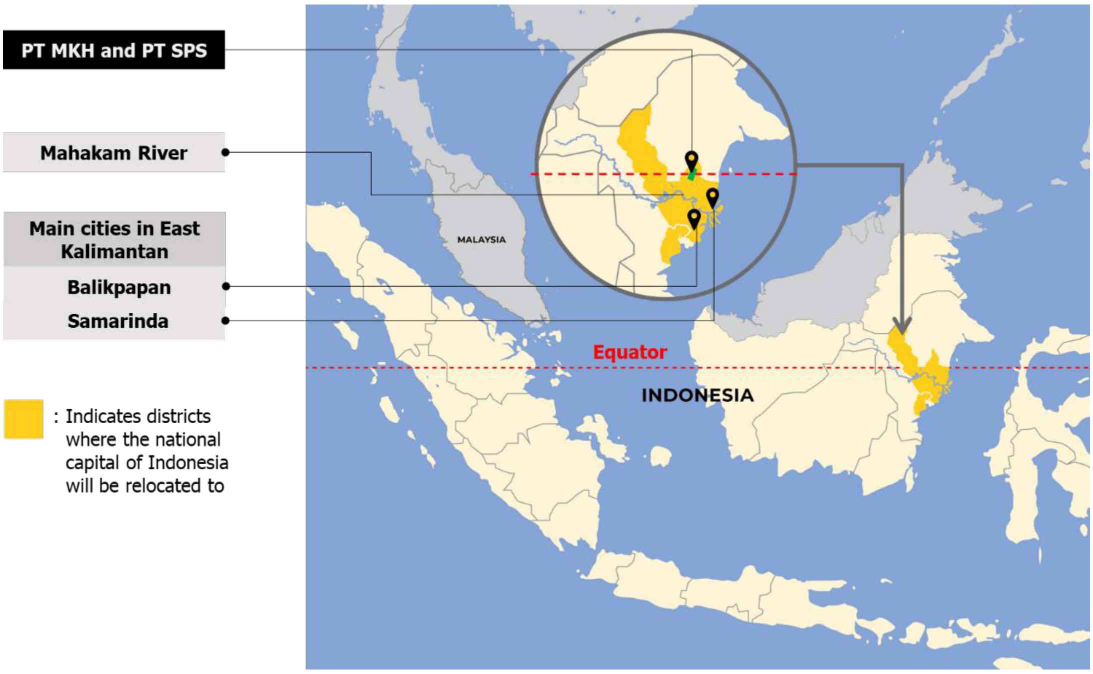
Location and land profile of our oil palm plantation estates

Our oil palm plantation estates owned and managed by PT MKH and PT SPS are adjacent to each other and are located in East Kalimantan, Indonesia as shown in the map below:

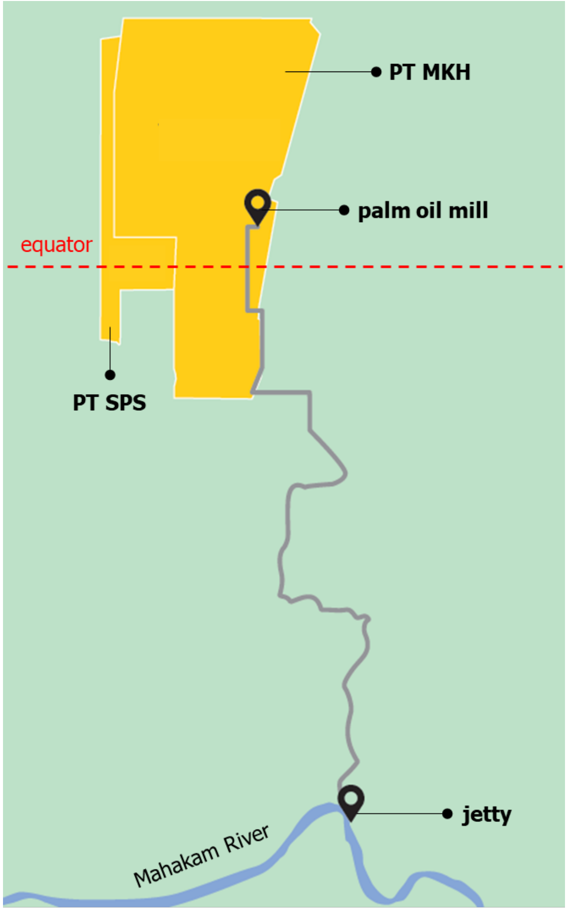


Our palm oil mill is located within the central region of our plantation estate managed by PT MKH. Our plantation estates and palm oil mill are located at approximately 90km from Samarinda, the capital of East Kalimantan; and 200km from Balikpapan, the financial centre of Kalimantan. Further, our plantation estates and palm oil mill are located within Kutai Kartanegara and 270km from North Penajam Paser, which are the 2 districts where the national capital of Indonesia will be relocated to.

Geographically, our plantation estates are situated along the equator, which are areas with adequate levels of rainfall and direct sunshine, making them ideal for oil palm growth. All the terrain of our oil palm planted areas are generally flat to gently undulating with the whole of the land below 50 metre AMSL, whereby most of the elevations are between 15 metre and 30 metre AMSL and higher, and up to 40 metre AMSL near the eastern boundary. This eases our operations, including planting, upkeep and maintenance as well as harvesting and evacuation of FFB, as it does not require our workers to ascend steep slopes, or to operate our machinery and vehicles such as powered wheelbarrows, farm ATVs and UTVs, and trucks across steep slopes, to carry out these activities which are more time- and energy- consuming; thus, contributing to our productivity.

Our plantation estates are equipped with an integrated drainage system which comprises a network of canals and drains spanning across our estates as well as water control equipment such as pumps, stoppers and water gates, for water management purposes. It helps to divert excess rainwater to a lake nearby to minimise the risks of flood; as well as to maintain the moisture level of soil. We have a private jetty owned and operated by our Group, which is located approximately 48km away from our plantation estates. The private jetty is a river jetty along the Mahakam River which eases the logistics management as we are able to transport our CPO and PK via the jetty to other river ports along the Mahakam River for onward delivery to our customers, through third party providers appointed by our customers.

The layout of our plantation estates as well as the location of our palm oil mill and jetty are shown in the map below:



The illustrations of our plantation estates, palm oil mill and jetty are shown below:

Plantation estates

Palm oil mill

Jetty

In terms of soil profile, our plantation estates are located on both mineral soil land and peat soil land, with breakdown as follows:

	PT MKH		PT SPS		Total	
Soil type	**Total planted area**	**%**	**Total planted area**	**%**	**Total planted area**	**%**
	Ha		**Ha**		**Ha**	
Mineral	8,433.8	56.2	235.7	11.8	8,669.5	51.0
Peat	6,578.6	43.8	1,760.7	88.2	8,339.3	49.0
	15,012.4	**100.0**	**1,996.4**	**100.0**	**17,008.8**	**100.0**

As at LPD, 51.0% of our oil palms planted area are on mineral soil land, and the remaining 49.0% of our oil palms planted area are on peat soil land. The different types of soil land do not affect our plantation activities, growing conditions of our oil palms, nor our FFB yield.

Age profile of our oil palm

Oil palms start to mature from around the 4th year after planting and typically reach their peak production period from around the 10th year until approximately the 20th year. We classify our young mature oil palms as those aged between the 4th year and 9th year, and our prime mature oil palms as those that aged between the 10th year and 20th year. In general, young mature oil palms can produce approximately 16MT of FFB per Ha per year; and prime mature oil palms can produce over 25MT of FFB per Ha per year.

The age profile of our oil palm as at LPD is depicted as follows:

	PT MKH		PT SPS		Total	
Age Profile	**Ha**	**%**	**Ha**	**%**	**Ha**	**%**
Immature	**-**	**-**	**-**	**-**	**-**	**-**
(0 to 3 years)	-	-	-	-	-	-
Young mature	**-**	**-**	**865.3**	**43.3**	**865.3**	**5.1**
(4 to 6 years)	-	-	589.0	29.5	589.0	3.5
(7 to 9 years)	-	-	276.3	13.8	276.3	1.6
Prime mature	**15,012.4**	**100.0**	**1,131.1**	**56.7**	**16,143.5**	**94.9**
(10 to 12 years)	-	-	824.3	41.3	824.3	4.8
(13 to 16 years)	15,012.4	100.0	306.8	15.4	15,319.2	90.1
(17 to 20 years)	-	-	-	-	-	-
Old	**-**	**-**	**-**	**-**	**-**	**-**
(21 to 25 years)	-	-	-	-	-	-
Replanting	**-**	**-**	**-**	**-**	**-**	**-**
(>25 years)	-	-	-	-	-	-
Total	**15,012.4**	**100.0**	**1,996.4**	**100.0**	**17,008.8**	**100.0**

As at LPD, a majority of our oil palms (i.e. 16,143.5 Ha, or 94.9% of our total planted area) were prime mature oil palms that are in their peak production years, while the remaining were young mature oil palms (i.e. 865.3 Ha, or 5.1% of our total planted area) which will soon be entering peak production. As at LPD, none of our oil palms are immature oil palms aged 3 years and below, old oil palms aged between 21 and 25 years, or older than 25 years which are due for replanting. When our oil palms reach old stage at the age of around 22 years, we will commence replanting on a staggered basis, which includes cultivation of oil palm seedlings for about 9 to 12 months and field planting. Please refer to Section 7.4.1 for further details on our planting process of oil palms.

Nevertheless, our replanting efforts may not only involve oil palms that are older than 25 years, as replanting, or known as infilling, may be carried out as and when required to replace unhealthy oil palms, in order to maintain the number of oil palms per Ha (i.e. 136 to 145 oil palms per Ha) and our FFB yield.

In preparation for the infilling which may be required from time to time and supply of oil palm seedlings to local cooperatives under our Plasma Programme, we are continuously involved in the cultivation of oil palm seedlings. As at LPD, we have an oil palm nursery measuring 10.4 Ha in our plantation estate owned by PT MKH. Our seedlings mature at age between 9 and 12 months and will be transplanted to our plantation estates. The matured seedlings in our oil palm nursery will be prioritised for field planting in our plantation estates, however the seedlings may be sold to local cooperatives under our Plasma Programme.

FFB yields

In our plantation estates, harvested FFB are transported to our palm oil mill where processing takes place for the production of CPO and extraction of PK. As FFB from oil palm crops are perishable and need to be processed as soon as possible to achieve maximum oil yield, we transport the harvested FFB to our palm oil mill within 24 hours for processing. Please refer to Section 7.2.2 for further details on the production of CPO and PK.

With all oil palms at its prime mature stage, plantation estates managed by PT MKH recorded average FFB yields at 29.9MT per Ha, 27.9MT per Ha, 24.2MT per Ha and 25.8MT per Ha in FYE 2020 to 2023 respectively. On the other hand, our FFB yields in the plantation estate managed by PT SPS stood at 22.7MT per Ha, 14.7MT per Ha, 13.5MT per Ha and 11.1MT per Ha in FYE 2020 to 2023, respectively.

A summary of our FFB yield profile is shown below:

	Average FFB yield per Ha[(1)]			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	MT			
PT MKH	29.9	27.9	24.2	25.8
PT SPS	22.7	14.7	13.5	11.1
Overall Group	**29.3**	**[(2)]26.7**	**[(2)]23.2**	**[(2)]24.1**

Notes:

(1) Represents the FFB yield in our plantation estates owned and managed by PT MKH and PT SPS. This does not include FFB yield for the plantations of the local cooperatives under the Plasma Programme.

(2) Lower FFB yield in FYE 2021 and FYE 2022 was due to lower FFB harvested from our plantation estates as a result of heavy rainfall from La Nina phenomenon in FYE 2021 and 2022. The average monthly rainfall recorded in our plantation estates increased from 140mm in FYE 2020 to 198mm in FYE 2021, and to 240mm in FYE 2022. Notwithstanding that our plantation estates are equipped with an integrated drainage system to divert excess rainwater to a lake nearby to minimise the risk of flooding, the La Nina phenomenon in FYE 2021 and FYE 2022 resulted in higher-than-expected rainfall which caused flooding to some area in our plantation estates and also affected pollination, which eventually led to lower FFB yield. In FYE 2023, the La Nina phenomenon continued in the first half of FYE 2023 until March 2023 which continued to result in heavy rainfall, before the rainfall began to reduce in April 2023. In overall, the average monthly rainfall recorded in our plantation estates in FYE 2023 was 161mm. Despite the overall improved rainfall situation in FYE 2023, our FFB yield in FYE 2023 remained relatively low as compared to FYE 2020 and 2021, due to continued heavy rainfall in the first half of FYE 2023.

PT SPS experienced a more significant decline in FFB yield in FYE 2021 and FYE 2022 as compared to the decline in FFB yield in PT MKH over the same period. This was due to a less established drainage system compared to PT MKH, as PT SPS was a relatively newly acquired estate. As such, PT SPS experienced prolonged floods in its oil palm field, and its FFB harvesting activities were therefore disrupted. Our Group has since continuously strengthened our rehabilitation efforts in PT SPS to better mitigate future adverse weather conditions. Rehabilitation in both of our plantation estates in PT MKH and PT SPS is an on-going effort to maintain the efficiency of, and/or to enhance, our drainage system through amongst others, deepening and widening the canals and drains as well as the outlets diverting excess rainwater from our estates; and constructing additional canals and drains within our estates if needed. As at LPD, our Group has deepened and widened the outlets in both PT MKH and PT SPS to allow quicker diversion of rainwater during heavy rain to minimise the risk of flooding, and is constantly desilting and upkeeping the canals and drains.

Apart from using the harvested FFB for the production of CPO and PK in house, we sell harvested FFB to neighbouring palm oil mills located within 2 to 3 hours of delivery distance, during the period where our palm oil mill undergoes annual major maintenance. These FFB are delivered to our neighbouring palm oil mills through transporters appointed by our Group.

7.2.2 Production and sale of CPO and PK

We have a palm oil mill with a processing capacity of 90MT FFB per hour located within the plantation estate managed by PT MKH. Save for the period where our palm oil mill undergoes maintenance, all FFB harvested in our plantation estates are transported to this palm oil mill for the production of CPO and extraction of PK. As our palm oil mill is located within our plantation estates, it enables us to deliver our harvested FFB to the palm oil mill to be processed in the shortest time possible. This is essential as FFB from oil palm crops are perishable and need to be processed as soon as possible to achieve maximum oil yield. We purchase FFB from local cooperatives under our Plasma Programme for processing at our palm oil mill.

A summary of our FFB produced, purchased and processed; as well as our CPO produced and PK extracted together with the OER and KER is shown as follows:

	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
		MT		
Input for our palm oil mill (i.e. FFB) for the production of CPO and extraction of PK				
FFB harvested in our plantation estates				
- PT MKH	433,413	417,780	362,904	388,006
- PT SPS	28,772	21,941	19,848	22,224
FFB purchased under Plasma Programme	20,599	20,175	22,210	23,051
Total FFB processed	**482,889**	**459,940**[(1)]	**404,901**[(1)]	**433,011**
Output from our palm oil mill (i.e. CPO and PK)				
CPO produced	**100,010**	**89,438**	**74,942**	**89,017**
OER (%)	20.7	19.4[(2)]	18.5[(2)]	20.6[(3)]
PK extracted	**20,331**	**17,963**	**16,245**	**16,886**
KER (%)	4.2	3.9[(2)]	4.0[(2)]	3.9[(3)]

Notes:

(1) Lower FFB processed in FYE 2021 and FYE 2022 was due to lower FFB harvested from our plantation estates as a result of heavy rainfall from La Nina weather phenomenon in FYE 2021 and 2022.

(2) Lower OER and KER in FYE 2021 and FYE 2022 were due to higher moisture content in FFB harvested as a result of heavy rainfall from La Nina weather phenomenon in FYE 2021 and 2022.

(3) Higher OER in FYE 2023 was due to lower moisture content in FFB harvested as a result of decreased rainfall in the second half of year 2023, whereas lower KER in FYE 2023 was due to shrinking of FFB fruitlet size caused by the earlier La Nina weather phenomenon. For avoidance of doubt, FFB fruitlet size is generally affected by weather condition, whereby prolonged La Nina weather phenomenon generally leads to shrinking of FFB fruitlet size. However, as the La Nina weather phenomenon improved with decreased rainfall in FYE 2023, the moisture content in FFB fruitlets decreased, hence leading to greater amount of oil extracted from FFB harvested and recording higher OER in FYE 2023 despite the shrinking of FFB fruitlet size. On the contrary, in FYE 2023, the size of the kernels remained relatively unchanged as the development of FFB fruitlets generally takes place approximately 9 to 10 months before harvesting.

Our Group's OER, from FFB processed to CPO produced, stood at 20.7%, 19.4%, 18.5% and 20.6% in FYE 2020 to 2023. On the other hand, our KER, from FFB processed to PK extracted, stood at 4.2%, 3.9%, 4.0% and 3.9%, respectively over the same period.

We sell our CPO to downstream refineries in Indonesia for further processing into palm-based edible oils and other oleochemical products. Further, PK extracted from FFB in our palm oil mill are sold to PK crushing mills and downstream refineries in Indonesia to produce PK products.

According to the Indonesian National Standard's quality guidelines published by the National Standardisation Agency of Indonesia, the content of FFA in CPO produced by palm oil mills in Indonesia should not be more than 5.0% at the point of loading for delivery to customers.

Over the years, the FFA content in CPO produced by our Group is generally lower than 5.0%, at averages of 3.4%, 4.0%, 4.6% and 4.3%, respectively in FYE 2020 to 2023. We purchase CPO with FFA content of above or close to 5.0% from neighbouring palm oil mills to mix with our CPO in order to achieve CPO with higher FFA content but still below 5.0% for sale to customers. This enables us to increase the production of our CPO at lower cost as CPO with higher FFA content is generally purchased at a discounted rate from our neighbouring palm oil mills, thereby increasing our sales revenue and profitability at a cost-effective manner. In FYE 2020, 2021 and 2023, we purchased 1,503MT, 2,709MT and 144MT of CPO, respectively from neighbouring palm oil mills. We did not purchase CPO from neighbouring palm oil mills for mixing with our CPO in the FYE 2022 due to relatively high FFA content (at an average of approximately 6.5%) in the CPO offered for sale to our Group by our neighbouring palm oil mills.

To maintain a low FFA content in CPO produced by our Group and to ensure delivery of CPO with FFA content lower than 5.0% to our customers, we undertake the following quality control processes:

(a) We practise a FFB harvesting interval of 10 to 12 days and collect loose fruits on the ground within 2 days of FFB harvesting to avoid overripe FFB which may increase the FFA content.

(b) We transport the FFB and loose fruits collected to our palm oil mill within 24 hours for processing to achieve maximum oil yield and to avoid overripe FFB which may increase the FFA content.

(c) While the CPO produced by our Group is stored in our storage tanks, we perform regular testing on the FFA content, and perform mixing when required to produce CPO with optimised level of FFA content (below 5.0%) for sale to customers.

Despite having these quality control processes in place, in FYE 2020 to 2023, there were some sales of CPO with FFA content more than 5.0% to our customers. Please refer to Sections 9.1.2 for further details on the claims received from our customers.

Apart from CPO and PK, our palm oil mill yields other by-products during the processing such as EFB, decanter cake, mesocarp fibre, PK shells and POME. EFB and decanter cake are used as fertiliser at our oil palm plantations, mesocarp fibre and PK shells are used as fuel for the boilers at our palm oil mill (which are used for steam and electricity generation), and POME are treated prior to be discharged for land application in our plantation estates. During the POME treatment process, sludge oil, which is the residue, will be collected and sold to external customers to be used in the production of biodiesel and soaps.

7.2.3 Infrastructure and facilities in our plantation estates

As at LPD, there are approximately 4,500 workers, who reside in our plantation estates together with their family members. To improve the livelihood and living convenience of our workers and the local community, we are committed to continuously building and upgrading the infrastructure and facilities in our plantation estates. Among the infrastructure and facilities in our plantation estates that we have built are as follows:

(a) A pre-school, a primary school and a junior secondary school (from Grade 7 to Grade 9), to provide education to the children of our estate workers;

(b) A clinic that operates 24-hours a day with medical personnel on duty and essential medical equipment to address the medical needs of the community;

(c) Self-service banking stations with ATM to enable the community to perform transactions including withdrawals, bill payments and fund transfers;

(d) A mobile telecommunications tower, constructed by a local telecommunications company, to provide the community with access to telecommunication services;

(e) A mini mart that sells daily necessities and groceries;

(f) Recreational facilities such as a football field, badminton courts, sepak takraw courts and basketball courts; and

(g) Prayer facilities comprising mosques and chapels.

The illustrations of our infrastructure and facilities are shown below:

Staff quarters

7. BUSINESS OVERVIEW *(Cont'd)*

School

Self-service banking station

Mobile telecommunications tower

Mini mart

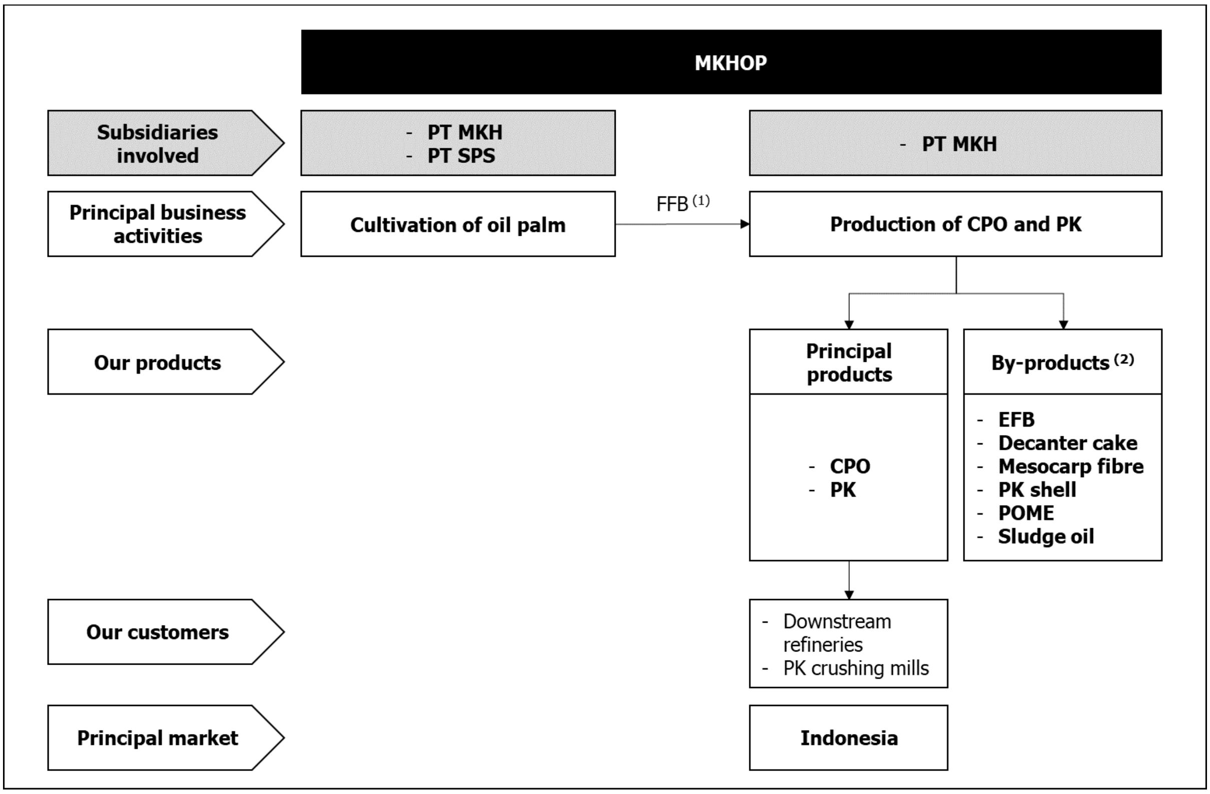
Clinic and ambulance

Mosque

Chapel

Under the Plasma Programme, our Group is involved in assisting local cooperatives in the development and preparation of plantation land, supplying oil palm seedlings to local cooperatives as well as training and educating the farmers under the local cooperatives in oil palm cultivation and management.

7.2.4 Business model



Notes:

(1) Harvested FFB in our plantation estates are sent to our palm oil mill for the production of CPO and extraction of PK. In addition, we sell harvested FFB to neighbouring palm oil mills located within 2 to 3 hours of delivery distance, during the period where our palm oil mill undergoes annual major maintenance.

(2) EFB and decanter cake are used as fertiliser at our oil palm plantations, mesocarp fibre and PK shells are used as fuel for the boilers at our palm oil mill (which are used for steam and electricity generation), and POME are treated prior to be discharged for land application in our plantation estates. During the POME treatment process, sludge oil, which is the residue, will be collected and sold to external customers which can be used in the production of biodiesel and soaps.

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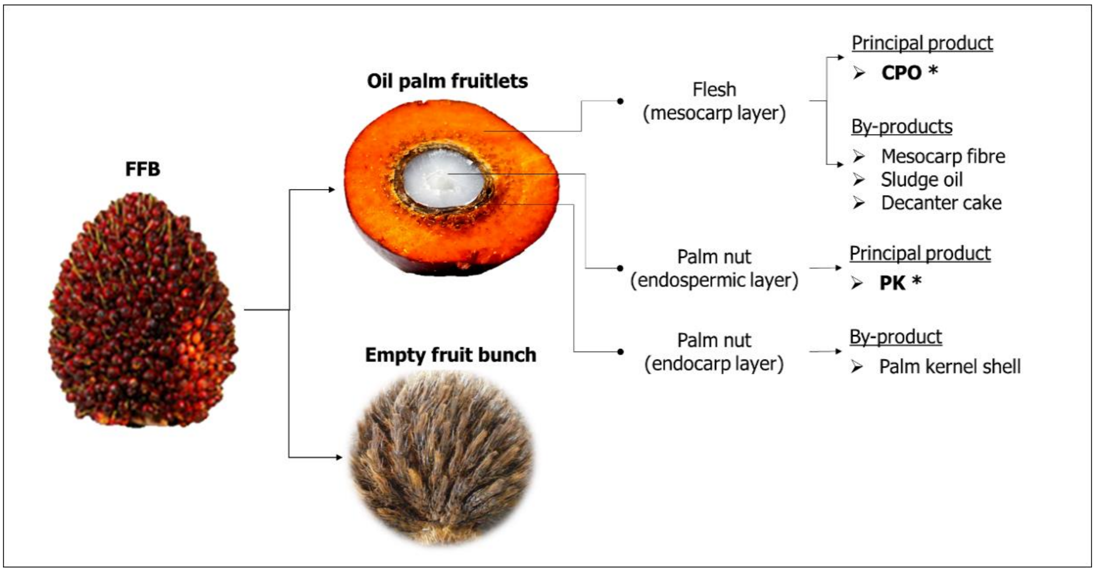
7.2.5 Our products

The diagram below depicts the principal products and by-products that can be produced from the processing of FFB. Please refer to Section 7.4.2 for further details on the processing of FFB.



Note:

* Indicates principal products produced and sold by our Group to our customers.

Our principal products are CPO and PK which are mainly sold locally to customers in Indonesia. The details of our products and the type of customers are as follows:

Products	Description	Type of customers
CPO	A deep reddish-orange oil extracted from the mesocarp layer of oil palm fruit via the pressing process carried out in our palm oil mill. CPO has a balanced composition of fatty acids in which the level of saturated fatty acids is almost equal to that of unsaturated fatty acids. CPO has to undergo further processing in refineries, which comprises the refining process and fractional distillation, to refine and separate the oils into its specific use for different industries. The refining process results in RBD palm oil. RBD palm oil then undergoes fractional distillation to produce RBD palm olein, RBD palm stearin and oleochemicals which are used in the manufacturing of food and non-food products.	Downstream refineries

Products	Description	Type of customers
PK	PK is the seed or the endospermic layer of oil palm fruit. The extraction of CPO from oil palm fruit results in the leftover of palm nuts. PK is recovered from the residual palm nut through the removal of the PK shell. The recovered PK has to undergo further crushing and pressing activities to extract oil from the recovered PK by PK crushing mills. The oil extracted from PK is sent for further clarification process to produce clear CPKO. CPKO has to undergo further processing in refineries that results in RBD palm kernel oil. RBD palm kernel oil then undergoes fractional distillation to produce RBD palm kernel olein, RBD palm kernel stearin and oleochemicals which are used in the manufacturing of food and non-food products.	PK crushing mills, downstream refineries and traders of palm products

We produce other by-products namely EFB, decanter cake, mesocarp fibre, PK shells, POME and sludge oil, whereby the usage of these by-products are detailed in Sections 7.2.2 and 7.2.4.

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7. BUSINESS OVERVIEW *(Cont'd)*

7.3 PRINCIPAL MARKETS AND SEGMENTS

For FYE 2020 to 2023, the sale of CPO was the largest revenue contributor to our Group as it contributed 79.9%, 85.9%, 87.3% and 91.7% to our Group's total revenue, respectively. The breakdown of our Group's revenue by business segments for FYE 2020 to 2023 is as follow:

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Plantation								
CPO	225,584	79.9	263,571	85.9	275,612	87.3	310,013	91.7
PK	24,870	8.8	30,887	10.1	40,205	12.7	27,968	8.3
	250,454	**88.7**	**294,458**	**96.0**	**315,817**	**100.0**	**337,981**	**100.0**
Trading (1)	**31,870**	**11.3**	**12,153**	**4.0**	**-**	**-**	**-**	**-**
Total	**282,324**	**100.0**	**306,611**	**100.0**	**315,817**	**100.0**	**337,981**	**100.0**

Note:

(1) Refers to trading of building materials business in Malaysia which was carried out by our Group. Subsequently, in FYE 2021, our Group had ceased the building materials trading business since 1 January 2021 for the preparation of our Listing.

In FYE 2020 and 2021, our Group's business activities were largely based in Indonesia, therefore sales derived in Indonesia were higher than sales derived in Malaysia. During the same period, sales derived in Indonesia contributed 88.7% and 96.0% to our Group's total revenue respectively, which was entirely from our plantation business; while sales derived in Malaysia accounted for 11.3% and 4.0% to our Group's total revenue, respectively which was entirely generated from the trading of building materials.

Since the cessation of trading of building materials business of our Group effective from 1 January 2021, our Group has been solely focusing on the cultivation of oil palms and production of CPO and PK in Indonesia, whereby our customers from this business segment are mainly local customers in Indonesia. As such, in the FYE 2022 and 2023, our Group solely generated our revenue from Indonesia.

7. BUSINESS OVERVIEW *(Cont'd)*

The breakdown of our Group's revenue segmentation by geographical locations for FYE 2020 to 2023 is as follow:

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Indonesia	250,454	88.7	294,458	96.0	315,817	100.0	337,981	100.0
Malaysia[1]	31,870	11.3	12,153	4.0	-	-	-	-
Total	**282,324**	**100.0**	**306,611**	**100.0**	**315,817**	**100.0**	**337,981**	**100.0**

Note:

(1) Relates to trading of building materials business in Malaysia which was carried out by our Group. Subsequently, in FYE 2021, our Group had ceased the building materials trading business from 1 January 2021 for the preparation of our Listing.

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7.4 BUSINESS PROCESS

We harvest FFB in our plantation estates, and the harvested FFB will be collected and delivered to our palm oil mill for the production of CPO and extraction of PK to be sold to our customers. The process flow of planting of oil palms and harvesting of FFB as well as production of CPO and extraction of PK are detailed as follow:

7.4.1 Planting of oil palms and harvesting of FFB

The process of planting of oil palms and harvesting of FFB is depicted as follows:

Seedlings cultivation

↓

Field planting

↓

Crop upkeep and maintenance

↓

FFB harvesting and collection

↓

Transportation of FFB to palm oil mill

Seedlings cultivation

Our planting of oil palms begins in our nursery located in one of our plantation estates, where we purchase seedlings from seedling suppliers, and cultivate these seedlings in our nursery for about 9 to 12 months before they are ready to be planted in the fields.

Field planting

The matured seedlings from our nursery are generally planted in the field approximately 9 metres apart, as well as in lines and in a pattern of equilateral triangles. This planting methodology generally results in approximately 136 to 145 oil palms per Ha. Oil palms generally begin to produce fruits 2.5 years after planting in the fields, and begin to produce commercial harvests when they reach the stage of young mature (i.e. approximately 4 years after planting in the fields).

Crop upkeep and maintenance

In our oil palm field, it is important to continuously upkeep and maintain the crops to ensure the harvest and quality of our FFB yields. We implement a set of plantation practices for crop upkeep and maintenance, including:

(a) Fertilise our oil palms regularly using inorganic fertilisers such as urea, rock phosphate and potash to replenish the nutrients absorbed by our oil palms. We use organic fertilisers, which are by-products from our palm oil mill such as EFB and decanter cake. By re-using these by-products produced from our palm oil mill, we save on the cost of inorganic fertilisers, while maintaining environmental balance;

(b) Ensure that the area surrounding each oil palm is free from other vegetation and crops which may compete with the oil palms for soil nutrients, water and sunlight;

(c) Ensure that leguminous cover crop is established to discourage the growth of competing vegetation and crops; and

(d) Ensure that our oil palms are protected from pests and disease by using approved pesticides and through an organic way by planting beneficial plants such as Antigonon Leptopus, Cassia Cobanensis and Turnera Subulata.

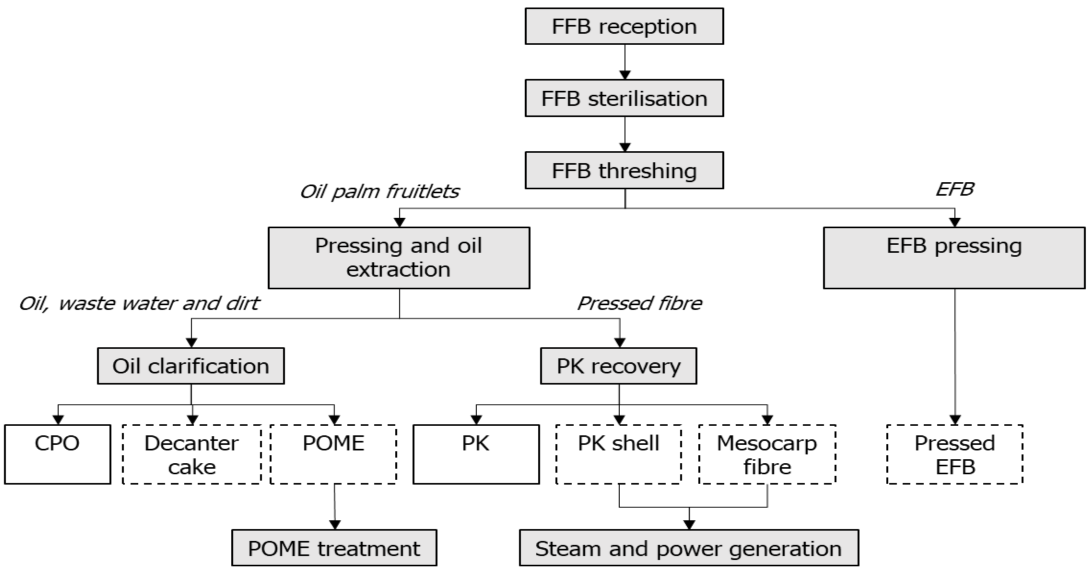
FFB harvesting and collection

Oil palms generally begin to produce commercial harvests approximately 4 years after planting in the fields. We only harvest the FFB when they reach its peak ripeness to maximise the quality and quantity of palm oil extraction. We collect and transport the FFB harvested to the main pathways using a series of mechanical-enhanced equipment including powered wheelbarrows and farm ATV which are incorporated with hydraulic lifting arms to ease the transfer of FFB to collection bins. Please refer to Section 7.7 for further information on the technology adopted for the collection of FFB.

Transportation of FFB to palm oil mill

At the main pathways of our plantation estates where FFB collected from the fields are gathered at, empty collection bins are placed and FFB collected from the fields are transferred to the collection bins with the assistance of hydraulic lifting arms incorporated in our powered wheelbarrows as well as farm ATVs and UTVs. Thereafter, our trucks which are incorporated with high-lift trailers will hook on the filled collection bin and transport it to our palm oil mill for processing to produce CPO and extract PK. Please refer to Section 7.7 for further information on the technology adopted for the collection of FFB. As FFB from oil palm crops are perishable and need to be processed as soon as possible to achieve maximum oil yield, we transport the FFB collected to our palm oil mill within 24 hours for processing.

7.4.2 Production of CPO and extraction of PK



: Palm oil milling process

: Main products

: By-products, whereby decanter cake and pressed EFB are used as fertilisers; PK shell and mesocarp fibre are used as burning materials for boilers for steam and power generation; and POME are treated prior to be discharged for land application in our estates.

FFB reception

Upon arrival of the trucks carrying the FFB collected from our plantation estates, the trucks will be weighed at our weighbridge before they unload the FFB into the hoppers at our loading ramps. Visual inspection will be conducted on each load of FFB for sorting purpose based on the ripeness and size of the FFB. The FFB will then be conveyed from the loading ramp and fed into the sterilisers for sterilisation to take place. The trucks will be weighed again before leaving our premises to ensure all FFB have been unloaded.

FFB sterilisation

Horizontal sterilisers are used in our palm oil mill for FFB sterilisation. Sterilisation prepares the FFB for downstream processing whereby the heat generated from the steam inside the sterilisers will weaken the stalk of the FFB which eases the separation of fruitlet from the bunch. At the same time, the structure of the fruitlet is weakened by breaking the oil cells in the mesocarp, thus eases the extraction of oil and detaching the fibrous material in the pressing and oil extraction process.

FFB threshing

Post sterilisation, the sterilised FFB are discharged from the sterilisers and conveyed into threshing machines to separate the sterilised fruitlets from the bunches. Separated fruitlets will then be conveyed to digesters before being conveyed to pressing machines to undergo pressing process, while the EFB will be sent to EFB pressing machine for oil recovery.

Pressing and oil extraction

Fruitlets conveyed from the threshing machines into the digesters and steam is injected to complete the breaking of oil cells in the mesocarp. The stirring action in the digesters mashes the fruitlets and prepares it for the pressing process. The mashed fruitlets are released from the digesters into the pressing machines where oil and waste water will be pressed out from the mashed fruitlets, leaving the fibrous materials consisting mesocarp fibre and palm nuts in a form of pressed fibre.

The oil, waste water and dirt will then be conveyed for oil clarification process while the pressed fibre will be conveyed to cake breaker conveyor and ripple mill for PK recovery.

Oil clarification

Oil, waste water and dirt from the pressing process will pass through a vibrating screen to filter residual fibrous materials and subsequently pumped into a vertical clarification tank where oil can be skimmed off from top of the tank while sludge will settle at bottom of the tank. The skimmed oil will be channelled into the decanter for further clarification to separate CPO and decanter cake from the skimmed oil. The layers of CPO and decanter cake will be individually extracted and conveyed to the vacuum dryer or cake dryer drum to reduce their moisture content.

The CPO is then stored in our bulk storage tanks before being transported to our private jetty for delivery to our customers. The decanter cake will be used as fertilisers in our plantation estates.

PK recovery

Pressed fibre from the pressing process will pass through fibre breaker conveyor where mesocarp fibre is loosened and separated from palm nuts. The mesocarp fibre will be used as fuel for the boilers at our palm oil mill for steam and electricity generation.

The palm nuts will be channelled into polishing drums to remove dirt, stones and fibrous materials. The polished palm nuts are stored in kernel silo to be dried with heated air to remove moisture content before being fed into ripple mill. In the ripple mill, palm nuts will be cracked to recover PK. The cracked mixture which consists of PK and PK shell is subsequently separated.

The PK recovered are sold to third party PK crushing mills and downstream refineries, whereas the PK shells are used as fuel for the boilers at our palm oil mill (which are used for steam and electricity generation).

EFB pressing and oil recovery

EFB received from the threshing machine is first shredded to ensure all fruitlets are removed from the bunches. The shredded EFB is sent to the pressing machine to extract EFB liquor that mainly consists of oil and water. Thereafter, the EFB liquor will undergo recovery process to recover oil which will then be mixed into our CPO. The pressed EFB is then returned to our plantation estates and to be used as fertiliser.

Steam and electricity generation

Solid waste fuel in the form of PK shells and mesocarp fibre, which are by-products of our milling process, are used as fuel for the boilers at our palm oil mill to produce steam. Steam produced from boilers can be used in sterilisation process as well as in the digesters during the pressing and oil extraction process.

Further, steam produced can be channelled into turbines to generate electricity. The electricity generated are used to power our palm oil mill, as well as for domestic consumption in the central region of our plantation estates which includes staff quarters, offices, school, clinic and street lightings.

POME treatment

POME is a brownish liquid containing mainly water and some suspended solids which are accumulated from milling process. In order to comply with the wastewater discharge quality standards outlined by the local authorities, we treat all of our POME using the two-phase ponding system, namely anaerobic and aerobic digestion, prior to be discharged for land application in our plantation estates. During the POME treatment process, sludge oil, which is the residue, will be collected and sold to external customers to be used in the production of biodiesel and soaps.

7.5 OPERATING CAPACITIES AND OUTPUT

Our Group's FFB processing utilisation rate in our palm oil mill was 89.4%, 85.2%, 75.0% and 80.2%, respectively over FYE 2020 to 2023. The following sets out our annual FFB processing capacity, actual FFB processed and utilisation rates for FYE 2020 to 2023:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	MT			
Annual FFB processing capacity[(1)]	540,000	540,000	540,000	540,000
Actual FFB processed	482,889	459,940	404,901	433,011
Utilisation rate (%)	89.4	[(2)]85.2	[(2)]75.0	80.2

Notes:

(1) Our palm oil mill has a processing capacity of 90MT FFB per hour. Our annual FFB processing capacity is calculated based on 2 working shifts per day with 10 operating hours per shift, over 300 available processing days in a year.

(2) Lower utilisation rate in FYE 2021 and 2022 was a result of lower FFB processed due to lower FFB harvested from our plantation estates as a result of heavy rainfall from La Nina phenomenon in FYE 2021 and 2022.

With an annual FFB processing capacity of 540,000MT, our existing palm oil mill is capable of handling the processing of FFB harvested from our plantation estates and FFB purchased from local cooperatives under our Plasma Programme. As such, our Group does not plan to expand the processing capacity of our existing palm oil mill.

7.6 SALES AND MARKETING STRATEGIES

Our Group's sales and marketing activities are carried out by a team of Tender Committee which is headed by Tang Hee Teik (our General Manager of Industrial and Agricultural Development), and comprises Dato' Lee Khee Meng and Chen Wei Chyong (our Executive Directors), Tan Soo Hoon (our Group Financial Controller) and several other employees. The Tender Committee is responsible for attending enquiries from potential customers, serving existing customers, managing and coordinating tenders, as well as planning and executing the following sales and marketing strategies:

(a) Direct approach and referrals

We secure new customers through direct contact with potential customers and/or through referral from our business associates. Our Tender Committee are responsible in collecting marketing information in order to identify potential customers.

Further, as the prices of CPO and PK generally fluctuate based on the supply and demand conditions, the sales and marketing of our products require a certain level of understanding of the industry. As such, our Tender Committee are responsible in keeping abreast on industry updates to ensure their ability to deliver the required information on our products accurately to our customers.

Our Tender Committee constantly involved in building and maintaining relationships with our existing customers as our Group believes that such relationship building is crucial in maintaining our reputation and customer-base that we have built over the years. By maintaining good business relationship with our customers, we are able to capture new sales opportunities and broaden our exposure to industry players within the oil palm industry value chain.

(b) Corporate website

We have established our corporate website, *www.mkhoilpalm.com*, which provides information on our Group, including our Company profile, as well as our product offerings to customers. Enquiries through our corporate website are channelled back to our Tender Committee. The current widespread use of internet as a source of information and a platform for customers, enables us to cross geographical boundaries and facilitates access from any part of the world, thus enhancing our potential market reach and exposure.

Our CPO and PK are primarily sold to customers who have entered into sale and purchase agreements with our Group. As at LPD, we have entered into sale and purchase agreements with agreement terms ranging from 10 months to 1 year, with 2 of our major customers (i.e. PT Kutai Refinery Nusantara for sale of CPO, and PT Binasawit Abadipratama for sale of PK), whereby the agreements are subject to renewal. Based on the sale and purchase agreements, our Group is obliged to sell a pre-agreed quantity of CPO or PK to the respective customers. The selling prices of CPO to PT Kutai Refinery Nusantara are determined based on the auction price published by PT Perkebunan Nusantara for CPO on spot trading day; while the selling price of PK to PT Binasawit Abadipratama is based on the average of PT Astra Agro Lestari Tbk's PK daily price in the preceding month. These auction and average prices from PT Perkebunan Nusantara and PT Astra Agro Lestari Tbk are used as a basis to determine the selling prices of our CPO and PK, together with a fixed quantum of discounts pre-agreed with our customers to compensate for freight costs incurred by our customers as our products are delivered on free-on-board terms. PT Perkebunan Nusantara is a state-owned enterprise which is involved in, amongst others, plantation, management, processing and marketing of palm oil, rubber, sugar cane, tea and coffee. Prices published by PT Perkebunan Nusantara is commonly used by industry players in Indonesia as a price reference of CPO. PT Astra Agro Lestari Tbk is one of the largest palm oil companies in Indonesia involved in plantation, milling, refining and sale of palm oil. Prices published by PT Astra Agro Lestari Tbk are therefore regarded as reliable, and are commonly used by industry players in Indonesia as a price reference of PK.

On top of the CPO and PK produced to fulfil the sale obligations under the sale and purchase agreements, we produce additional CPO and PK for sales. These CPO and PK can be sold to customers whom we entered into sale and purchase agreements, as a top-up to their pre-agreed quantity, whereby the selling prices are determined based on reference to the spot price used by PT Perkebunan Nusantara for CPO and PT Astra Agro Lestari Tbk for PK.

Further, the additional CPO and PK produced can be sold to other customers through e-bidding tendering process, whereby the sales are exercised at auction price from tenders and the delivery is typically carried out within 30 days from the confirmation of tenders. Auction prices submitted by our customers during tenders are based on the prices published by PT Perkebunan Nusantara for CPO and PT Astra Agro Lestari Tbk for PK on spot trading day, with a discount factored into the price to compensate for freight costs incurred by our customers as our products are delivered on free-on-board terms. The discounts factored into the prices by these customers are generally higher than the discounts given to our customers for sales via sale and purchase agreements as customers whom we entered in sale and purchase agreements are located nearer to our plantation estates and hence the freight costs are generally lower.

Our Group subscribes to a third party tender platform which enables us to publish tenders in relation to CPO and PK available for sale. Our customers are required to register with our Group for participation in tenders on the third party tender platform, and these interested customers are evaluated by our Group mainly in terms of their financial capability and ability to fulfil payment before successful registration. Prior to the publication of tenders, we will invite our registered customers to participate in the tenders through notifications sent via the tender platform. Once the tenders are closed, the sale of CPO or PK will generally be awarded to customers who offer the highest auction price, and thereafter forward contracts will be entered between our Group and the awarded customers.

7.7 TECHNOLOGY USED

We employ the following technologies in our oil palm plantation estates and palm oil mill to improve our plantation workflow, milling performance, extraction rates as well as to reduce operational cost. The technologies that we adopt as part of our operations include the following:

Oil palm plantation

Technology	Description
Monitoring facilities	We use the following monitoring facilities in our plantation estates: (a) Close-circuit television (CCTV) installed at entrance and boundaries of our plantation estates, jetty, palm oil mill and security checkpoints for security purposes (b) Drones that can be remotely controlled by our estate workers to monitor the physical appearance of our oil palm trees (e.g. the colour and shape of leaves) to ensure that our oil palm trees are at a healthy state. Further, aerial scanning and monitoring using drones help us to determine any occurrence of fire at the surrounding areas of our estates, which enables our Group to undertake proactive actions to prevent the fire to be spread to our estates (c) A mobile application custom made by a third party company for our Group, namely RondaApp, which allows our estate workers to record the growth conditions of our oil palms and update the status of FFB collection and evacuation using their mobile devices. In addition, it allows our estate workers to report any issues faced such as damage to road conditions, unhealthy oil palms or pest attack at certain areas The information updated and reported by the estate workers will be transmitted and recorded in our database, as well as escalated to the relevant personnel to attend. RondaApp enables the plantation management team to monitor and take timely steps to mitigate or resolve matters such as to apply pesticides or to arrange for maintenance and repair work to roads The usage of the above monitoring facilities provides real time monitoring within the plantation which optimises the efficiency of managing our plantation estates by automating the management process and allowing us to have real time and consistent data for quick and timely decision making
Mechanical-assisted collection and evacuation of FFB	We use the following mechanical-enhanced equipment for the collection and evacuation of FFB from field to our palm oil mill: <u>From field to collection points along the main pathways of our plantation estates</u> (a) In addition to powered wheelbarrows which we use to transport harvested FFB from fields to the collection points at the main pathways of our plantation estates, we have modified our powered wheelbarrows by replacing the wheels with continuous tracks, which helps to distribute pressure more evenly over a larger surface area to reduce the incidence of compaction and rutted path especially after rainfalls

Technology	Description
	Further, we use farm ATVs and UTVs for FFB collection on mineral soil as farm ATVs and UTVs can be maneuvred faster as compared to crawler dumpers. Crawler dumpers are capable in transporting FFB on both mineral soil (harder soil) and peat soil (softer soil). Using crawler dumpers to transport FFB on peat soil enables us to reduce the incidences of compaction and rutted path on field which peat soil are prone to especially after rainfall The collection of FFB using powered wheelbarrows and crawler dumpers is carried out by a team comprising several harvesters, while the collection of FFB using farm ATVs and UTVs are carried out by individual harvesters (b) We have integrated hydraulic lifting arms into our powered wheelbarrows as well as farm ATVs and UTVs, to transfer FFB to the collection bins at the collection points, with minimal labour required as we eliminated the manual transfer process <u>At collection points</u> (a) Empty collection bins are placed at several designated collection points along the main pathways of our plantation estates whereby FFB collected from fields are transferred to the collection bins (b) Once the collection bins are fully loaded with FFB, we will transport the fully-loaded collection bins to our palm oil mill with trucks. This has increased the efficiency and maximised the utilisation of our trucks as it has eliminated the waiting time required for the collection bins to be fully loaded <u>From collection points to palm oil mill</u> (a) At the collection points, the trucks will hook on the fully-loaded collection bins, and thereafter deliver them to our palm oil mill for processing (b) Our trucks can lift and tilt the collection bins for ease of unloading of FFB at our palm oil mill By adopting the above mechanisation for FFB collection and evacuation, we have improved our labour productivity in terms of FFB harvested per manday
Biological protection of oil palm crop	We adopt the following pest management practices that emphasise on using natural/biological methods to resolve pest problems: (a) Reducing the application of agrochemicals through the use of natural alternatives such as planting of beneficial plant including *Antigonon Leptopus*, *Cassia Cobanensis* and *Turnera Subulata* along the main pathway of our plantation estates to combat pests

Technology	Description
	(b) Rearing barn owls for pest control in our plantation estates The above pest control practices are more sustainable and in line with ISPO requirements as it is less damaging to the environment
Integrated drainage system	Our plantation estates are equipped with an integrated drainage system which comprises a network of canals and drains as well as water control equipment such as pumps, stoppers and water gates. Our drainage system spans across the entire plantation estates for water management as detailed below: (a) Pumps, stoppers and water gates installed at canals and drains play the role in controlling the water table of our estates to maintain the optimised moisture level of our soil (b) During the wet seasons, the system assists in discharging excessive rainwater to a lake nearby through canals and drains, thus minimising the risks of flood. The lake is connected to a river nearby through natural streams (c) During the dry seasons, the system assists in using the rainwater stored to maintain the moisture level of the soil our oil palms (d) In addition to our integrated drainage system, we have weather stations installed at several locations of our plantation estates to monitor and record rainfall

Palm oil mill

On top of the machines that we used for the production of CPO and extraction of PK as part of our palm oil milling, we use indexer system throughout several milling processes, as described below:

Technology and mechanisation	Description
Indexer system	Indexer system is a system used in palm oil milling under the sterilisation process to handle cages filled with FFB in the sterilisation bay. The system comprises a hydraulic cylinder which provides a consistent pulling or pushing force to carry the filled cages towards the sterilisers for sterilisation process The indexer system assists in automating the sterilisation process to control the timing, steaming cycle and cage movement, thereby ensuring consistent sterilisation with minimal human intervention
Conveyor system	Conveyor system is used to connect multiple stations in our palm oil mill, including loading ramp, sterilisers, threshing machines, digesters, pressing machines, oil clarification machines and cake breakers. The conveyor system is a rail track that continuously handles the FFB and other semi-processed products (e.g. oil palm fruitlets, EFB and pressed fibre) across multiple machines Our conveyor system is an automated system which can be operated with minimal amount of labour required, thereby improving the overall efficiency of our milling activities

7.8 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the temporary interruption to our business operations during the outbreak of the COVID-19 pandemic leading to several measures being undertaken by our Group to prevent the outbreak of the virus in our plantation estates, we had not experienced any other interruptions to our business which had a significant effect on our operations in FYE 2020 to 2023 and up to LPD.

As a result of the outbreak of the COVID-19 pandemic in Indonesia, the Indonesian Government declared a national State of Emergency beginning 29 February 2020 up to 29 May 2020 to curb the spread of the virus. During the State of Emergency, there was no specific restrictions imposed by the Indonesian Government, until the Pembatasan Sosial Berskala Besar ("**PSBB**") was declared by the Indonesian Government. However, during the State of Emergency, the government may determine disaster-prone areas to be prohibited areas for settlement, and/or revoke or reduce part or all of the ownership rights of each person on an object in accordance with statutory regulations.

Subsequently on 2 April 2020, the Indonesian Government declared a PSBB whereby governors of the respective provinces were required to apply with the Ministry of Health Republic of Indonesia to implement the PSBB in their provinces. Provinces that received approval to implement the PSBB had ordered for the closure of all private premises except for those involved in essential services. Provincial governors, gauging the improvement on COVID-19 containment, may subsequently announce for the relaxation of control measures for their respective provinces.

To better control the COVID-19 pandemic situation in Indonesia, the Indonesian Government implemented 'Pemberlakuan Pembatasan Kegiatan Masyarakat ("**PPKM**")' in several regions and districts effective from 11 January 2021 to 8 February 2021. The PPKM was implemented in targeted regions that meet certain criterias set out by the Indonesian Government. Unlike the PSBB which involves large-scale social restrictions, PPKM was implemented at targeted regions within a province to limit mobility within the region.

Subsequently, to manage the COVID-19 pandemic situation more effectively, the Indonesian Government implemented PPKM at a micro scale ("**PPKM-Mikro**") from 9 February 2021 to 14 June 2021. PPKM-Mikro focused on improving community discipline and law enforcement at a smaller scale, such as establishing guard posts in villages and sub-districts to handle COVID-19 pandemic situations in the respective villages and sub-districts.

Following the implementation of PPKM-Mikro, the Indonesian Government implemented emergency PPKM up to July 2021 to reduce the COVID-19 spread. Further, as of July 2021 up to August 2022, the Indonesian Government implemented different levels of PPKM (Level 4, 3, 2, and 1) in Java and Bali area which were differently applied based on the COVID-19 pandemic situation in Java and Bali area. As of August 2022, all Java and Bali, including East Kalimantan areas fall under level 1 of PPKM. Further, as of 30 December 2022, the Indonesian Government instructed all regions in Indonesia to cease the PPKM with immediate effect.

As at LPD, PPK is no longer implemented within the Indonesian area, including East Kalimantan, in which our plantation estates are located.

The impact on our Group's operations, financials, and business and earning prospects pursuant to the COVID-19 pandemic are described as follows:

7.8.1 Impact to our operations

During the periods of State of Emergency, PSBB, PPKM and PPKM-Mikro, agricultural and plantation activities as well as production of agricultural goods were permitted under a guideline published by the Indonesian Government. As such, our plantation estates and palm oil mill have been able to operate at full capacity and there have been no interruptions to our business operations.

Further, to prevent the occurrence of COVID-19 cases in our plantation estates, our Group had imposed strict control at the entry points of our plantation estates to prohibit unauthorised personnel from entering our plantation estates, whereby all the entrances to our plantation estates were closed from 30 March 2020 to June 2023. During this period, non-employees and non-authorised personnel were not allowed to enter our plantation estates, and our employees were not allowed to leave our plantation estates without permission from management. Further, third party truck drivers who enter our plantation estates for delivery of supplies or collection of CPO and PK were not allowed to leave the trucks and mingle with our employees. Following which, our Group has continued to impose controls as detailed in Section 7.8.3, to continue minimising the risks of infecting COVID-19 amongst our employees. With these measures in place, we have been able to prevent any occurrence of COVID-19 cases in our plantation estates up to LPD.

We experienced some slight delays in the supply of certain fertilisers and chemicals from our suppliers during the pandemic due to global supply chain disruptions as a result of lockdown measures imposed in many countries. Nevertheless, there was no material impact to our business operations including the FFB yield of our oil palm trees, as our Group advanced our purchase of fertilisers and chemicals with our suppliers up to 6 months ahead of the planned usage (from our standard practice of up to 3 months of advanced purchase prior to the pandemic) to minimise the delays in the receipt of these supplies. While our Group's FFB yield was declining in the past 3 FYEs from 29.3MT per Ha in FYE 2020 to 26.7MT per Ha in FYE 2021, 23.2MT per Ha in FYE 2022 and improved marginally to 24.1MT per Ha in FYE 2023, the decline and relatively low in FFB yield was due to lower FFB harvested as a result of heavy rainfall from the La Nina phenomenon. Further, we experienced some delays in product collection by our customers, but such delays did not lead to any material impact to our business operations as the delays were minor and did not result in constraints in our storage capacity nor disrupt our milling activities. These products have subsequently been collected by our customers and there was no dispute arising from these delays in product collection by our customers.

Save for the abovementioned events, there have been no other interruptions to our business operations arising from the COVID-19 pandemic.

7.8.2 Impact to our sales, business cash flows, liquidity, financial position and financial performance

Our sales and financial performance were not impacted by the COVID-19 pandemic as there was no cancellation of contracts or deferment of contracts. Further, we have been able to sell our CPO and PK as there have been continuous demand for our products from our customers. Additionally, there was no material impact or difficulties in the collectability of our trade receivables within our credit terms. There was also no material impact to our cash flows, liquidity, financial position and financial performance.

7.8.3 Strategy and steps taken to address the impact of the COVID-19 pandemic

In addition to the strict control at the entry points of our plantation estates, our Group has established a standard safety protocol in accordance to the guidelines and SOPs on COVID-19 prevention to protect our employees against potential COVID-19 infection.

As at LPD, our Group continues to implement several infection control measures to minimise the risks of infecting COVID-19 amongst our employees, which include amongst others:

(a) COVID-19 rapid test kit antigen (RTK-Ag) test for employees who left and enter our plantation estates; and

(b) prohibition of non-employees (e.g. third party truck drivers) from mingling with our employees, if not necessary, while entering our plantation estates for delivery of supplies or collection of CPO and PK.

We have conducted an anti-COVID-19 program which includes educating our workers on COVID-19 prevention, enforcing social distancing among workers, ensuring cleanliness in our plantation estates and carrying out sanitisation regularly.

As of to-date, we have achieved zero COVID-19 case in our plantation estates and we were awarded a 'Gold' standard from the Ministry of Manpower Indonesia as a recognition of our Group's effort in prevention and control of COVID-19 in workplace. We have also received 'Gold' and 'Platinum' standard appreciation on the prevention of COVID-19 at workplace from the Governor of East Kalimantan and Ministry of Manpower of the Republic of Indonesia, respectively.

To comply with the SOPs imposed until LPD, our Group has incurred costs related to COVID-19 testing, disinfection, purchase of masks, hand sanitisers and self-test kits, amongst others, which amounted to approximately RM3.4 million. As at LPD, we are not in breach of any laws relating to COVID-19 restrictions which may lead to penalties by the relevant authorities.

7.9 SEASONALITY

Our operations are not subject to seasonal or cyclical effect as our CPO and PK are sold to downstream refineries and PK crushing mills, and these customers generally operate throughout the year. Nevertheless, the harvest of FFB at our plantation estates are dependent on weather conditions that may affect the flowering of our oil palm trees and fruiting of FFB. Please refer to Section 9.2.1(a) for further details on the impact of adverse weather conditions to our business operations.

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7.10 MAJOR CUSTOMERS

Our top 5 major customers by revenue contribution for FYE 2020 to 2023 are as follows:

FYE 2020

Major customers	Nature of business	Principal market[(1)]	Revenue contribution RM'000	Revenue contribution %	Type of products sold	[(2)]Length of business relationship years
Apical Group of Companies[(3)]	Downstream refinery and PK crushing mill	Indonesia, China and Spain, with headquarters in Singapore	109,397	38.7	CPO and PK	4
PT LDC East Indonesia	Downstream refinery	Indonesia	52,816	18.7	CPO	5
Golden Agri-Resources Group of Companies[(4)]	Oil palm plantation, palm oil milling, downstream refinery, palm oil products manufacturing	Indonesia, China and India, with headquarters in Singapore	47,156	16.7	CPO and PK	6
Customer W[(5)]	Downstream refinery	Indonesia	23,809	8.4	CPO	9
Sri Binaraya Sdn Bhd	Building construction	Malaysia	15,695	5.6	Building materials	1
			248,873	**88.2**		

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2021

Major customers	Nature of business	Principal market[1]	Revenue contribution RM'000	Revenue contribution %	Type of products sold	[2]Length of business relationship years
Apical Group of Companies[3]	Downstream refinery and PK crushing mill	Indonesia, China and Spain, with headquarters in Singapore	221,067	72.1	CPO and PK	5
Customer W[5]	Downstream refinery	Indonesia	23,866	7.8	CPO	10
PT Energi Unggul Persada	Downstream refinery and PK crushing mill	Indonesia	23,164	7.6	CPO and PK	Less than 1 year
Golden Agri-Resources Group of Companies[4]	Oil palm plantation, palm oil milling, downstream refinery, palm oil products manufacturing	Indonesia, China and India, with headquarters in Singapore	20,289	6.6	PK	7
Sri Binaraya Sdn Bhd	Building construction	Malaysia	5,627	1.8	Building materials	2
			294,013	**95.9**		

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2022

Major customers	Nature of business	Principal market[(1)]	Revenue contribution RM'000	Revenue contribution %	Type of products sold	[(2)]Length of business relationship (years)
Apical Group of Companies[(3)]	Downstream refinery and PK crushing mill	Indonesia, China and Spain, with headquarters in Singapore	263,752	83.5	CPO and PK	6
Golden Agri-Resources Group of Companies[(4)]	Oil palm plantation, palm oil milling, downstream refinery, palm oil products manufacturing	Indonesia, China and India, with headquarters in Singapore	28,648	9.1	PK	8
PT K2 Industries Indonesia	Downstream refinery	Indonesia (headquarters), Malaysia, Thailand and Pakistan	12,383	3.9	CPO and sludge oil	Less than 1 year
PT Energi Unggul Persada	Downstream refinery and PK crushing mill	Indonesia	10,040	3.2	CPO	1
PT Samudra Biru Cemerlang	Trading of palm products including CPO, PK and CPKO	Indonesia	833	0.3	PK	Less than 1 year
			315,656	**99.9**		

FYE 2023

Major customers	Nature of business	Principal market[1]	Revenue contribution RM'000	Revenue contribution %	Type of products sold	[2]Length of business relationship (years)
Apical Group of Companies[3]	Downstream refinery and PK crushing mill	Indonesia, China and Spain, with headquarters in Singapore	277,095	82.0	CPO and PK	7
PT Energi Unggul Persada	Downstream refinery and PK crushing mill	Indonesia	46,684	13.8	CPO	2
Golden Agri-Resources Group of Companies[4]	Oil palm plantation, palm oil milling, downstream refinery, palm oil products manufacturing	Indonesia, China and India, with headquarters in Singapore	13,073	3.9	PK	9
PT Samudra Biru Cemerlang	Trading of palm products including CPO, PK and CPKO	Indonesia	1,129	0.3	PK	1
			337,981	**100.0**		

Notes:

(1) Represents the country(ies) in which the major customers operate.

(2) Length of business relationship with our major customers is calculated based on the commencement date of our first business transaction with these customers up to the end of each respective financial year.

(3) Comprises PT Sari Dumai Sejati and PT Kutai Refinery Nusantara, which are part of Apical Group Ltd. Apical Group Ltd is mainly involved in the processing, refining and trading of palm oil.

(4) Comprises PT Sinar Mas Agro Resources and/or Technology Tbk and PT Binasawit Abadipratama, which are part of Golden Agri-Resources Ltd. Golden Agri-Resources Ltd is mainly involved in oil palm plantation, palm oil milling, downstream refining of palm oil as well as production and distribution of palm and oilseed-based products comprising bulk and branded products, oleochemicals, sugar and other vegetable oils.

7. BUSINESS OVERVIEW *(Cont'd)*

(5) Customer W, a palm oil company mainly involving in cultivation of oil palm, processing of CPO and downstream refining of palm oil based in Indonesia. Customer W is not listed on any exchange, however, its holding company, is listed on the Singapore Exchange. We do not have a non-disclosure agreement with Customer W. However, Customer W has informed us that it is not agreeable to be named in this Prospectus due to their company policy.

Our Group is an upstream oil palm plantation group involved in the sale of commodities (i.e. CPO and PK) to companies which are involved in downstream refining and PK crushing. It is more efficient for our Group to engage with a concentrated number of established customers with large order quantities instead of having a wide range of customers with smaller order quantities at the expense of efficiency. Hence, we have a relatively small customer base of 8 customers, 8 customers, 6 customers and 4 customers for FYE 2020 to 2023 respectively, for the sale of CPO and PK. For FYE 2020 to 2022, sales contributed by our top 5 major customers accounted for 88.2%, 95.9% and 99.9% of our total revenue, respectively. During the same period, our top 5 major customers mainly comprise downstream refineries, and products sold to our top 5 major customers were mainly CPO. As at LPD, to the best of our Board's knowledge and belief, our major customers are not related to each other. In FYE 2023, our Group only transacted with 4 customers and sales to these 4 customers made up to 100.0% of our total revenue.

During FYE 2020 and 2021, there were sales of building materials to customers for our business of building materials trading in Malaysia. However, in FYE 2021, our Group ceased carrying out the building materials trading business since 1 January 2021 for the preparation of our Listing.

Amongst our major customers for FYE 2020 to 2023, Apical Group of Companies ranked first with revenue contribution of 38.7%, 72.1%, 83.5% and 82.0% respectively. For FYE 2021 to 2023 , sales to Apical Group of Companies were more than double from the sales in FYE 2020. This was due to an increase in sales secured through the first annual sale and purchase agreement entered into with Apical Group of Companies through PT Sari Dumai Sejati which was effective in February 2021. As at LPD, our Group has an annual sale and purchase agreement with PT Kutai Refinery Nusantara (part of Apical Group of Companies) with an agreement term of 1 year for sale of CPO. The annual sale and purchase agreement stipulates monthly sale and purchase obligations between our Group and PT Kutai Refinery Nusantara, thereby providing certainty on our sales to PT Kutai Refinery Nusantara. For avoidance of doubt, our sale and purchase agreement with PT Sari Dumai Sejati entered in February 2021 was concluded without renewal, as Apical Group of Companies has elected to use PT Kutai Refinery Nusantara for continued purchase of CPO from us. In view of the high revenue contributions from Apical Group of Companies and certainty provided to our Group from the annual sale and purchase agreement with PT Kutai Refinery Nusantara, we are dependent on Apical Group of Companies for the sale of CPO. In the event that Apical Group of Companies ceases to purchase from our Group and/or ceases to renew the annual sale and purchase agreement due to reasons beyond our control (e.g. change in business directions and/or change in procurement strategy or procedure), we may experience prolonged disruptions to our business and financial performance if we are unable to replace the loss of sales with alternative customers in a timely manner.

7. BUSINESS OVERVIEW *(Cont'd)*

Apart from Apical Group of Companies which we have annual sale and purchase agreement with, our Group also has sale and purchase agreement with PT Binasawit Abadipratama (part of Golden Agri-Resources Group of Companies) as at LPD, with an agreement term of 10 months for sale of PK. Revenue contribution from Golden Agri-Resources Group of Companies was at 16.7%, 6.6%, 9.1% and 3.9% for FYE 2020 to 2023 respectively, which was not as substantial compared to Apical Group of Companies. Notwithstanding this, we are dependent on Golden Agri-Resources Group of Companies as our financial performance and results of our operations may still be adversely affected if the sale and purchase agreement with Golden Agri-Resources Group of Companies is not renewed and they cease to purchase from us, and if we are unable to replace the loss of sales with alternative customers in a timely manner.

Despite the concentration of our revenue on several customers and dependency on existing sale and purchase agreements with Apical Group of Companies and Golden Agri-Resources Group of Companies, our Group believes that the concentration and dependency risks can be mitigated by the following:

(i) We have established long-term business relationships with Apical Group of Companies (8 years as at LPD) and Golden Agri-Resources Group of Companies (10 years as at LPD). We believe that our long-term business relationships and our ability to continuously meet their requirements over the years have made us a trusted supplier to these major customers.

(ii) We are able to secure sales from other customers, including customers that are registered under our tender platform. As at LPD, we have a total of 14 companies registered under our tender platform, of which 7 of these companies are our major customers for FYE 2020 to 2023. Amongst the 14 companies registered under our tender platform, 10 companies are sizable companies that are involved in downstream refining located in Indonesia which require CPO to carry out refinery activities. As these companies are well-established with sizable operations, our management is of the view that our Group will be able to maintain our volume of sales to these customers. As for the remaining 7 companies registered under our tender platform who are not our major customers for FYE 2020 to 2023, our Group has only transacted with 4 of these companies since their registration in our tender platform. Amongst these 4 companies, our Group transacted with 2 companies in the FYE 2020 to 2022, and the aggregate sales to these companies were approximately RM9.73 million in FYE 2020, RM2.55 million in FYE 2021 and RM0.16 million in FYE 2022. As at LPD, the length of business relationship with the 4 companies which we have transacted with ranged from 4 years to 10 years. All of our customers in FYE 2023 are registered under our tender platform.

    Moving forward, as our production output increases following the expansion of our plantation estates as detailed in Section 7.15.1, our Group may expand the number of companies registered under our tender platform by approaching other downstream refineries in Indonesia. Nevertheless, we may be subject to increased price fluctuations if all sales are carried out through the e-bidding tendering process as the sales are exercised at auction prices from tenders which are generally subject to higher discounts requested by customers to compensate for freight costs, as opposed to the fixed quantum of discounts pre-agreed in the sale and purchase agreements. As such, our financial performance may face greater fluctuations with less certainty in the event of termination of the sale and purchase agreements.

7. BUSINESS OVERVIEW *(Cont'd)*

(iii) Apart from companies registered under our tender platform and customers which our Group has sale and purchase agreements with, there are also other sizable companies involved in downstream refining activities located in East Kalimantan, Indonesia. Our management views these companies as our potential customers who we can approach directly to sell our products in the event of loss or reduction of sales from any of our existing major customers. Sales to these customers will be subject to the same level of discounts given to customers registered under our tender platform.

(iv) As a commodity supplier, it is relatively easier for us to secure replacement customers as there is consistent demand for our products in the market as our products are rather homogenous and standardised worldwide with pricing capable of making reference to price quotes at commodity exchange. As such, our Group believes that any loss of our major customers, including Apical Group of Companies which contributed substantially to our Group's revenue in the FYE 2020 to 2023, is not expected to lead to major impact to our Group's ability in securing sales from other customers as we can sell our products to other established and sizable companies involved in downstream refining and PK crushing due to consistent demand for CPO and PK in the market as palm oil has a wide range of food and non-food applications. For example, palm oil is used in the production of cooking oil, margarine, bakery shortening and confectionery fats food applications; and the ingredients from oleochemical products derived from palm oil are used in the manufacturing of personal and hygiene care products such as soaps, cosmetics, sanitisers and detergents. Please refer to Section 8 (IMR Report) for further details of the applications and the demand for palm oil, which will sustain the demand for CPO and PK.

Moving forward, if opportunity arises, our Group intends to secure more customers through sale and purchase agreements subject to our evaluation mainly in terms of the potential customers' financial capability and ability to fulfil payment.

There has been no dispute with any of our major customers for FYE 2020 to 2023.

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7. BUSINESS OVERVIEW *(Cont'd)*

The salient terms of the sale and purchase agreements with PT Kutai Refinery Nusantara (part of Apical Group of Companies) for sale of CPO, and PT Binasawit Abadipratama (part of Apical Group of Companies) for sale of PK, are as follows:

(i) Sale and purchase agreement with PT Kutai Refinery Nusantara for sale of CPO

Contracting parties	PT MKH as the Seller and PT Kutai Refinery Nusantara (part of Apical Group of Companies) as the Buyer
Description	The sale and purchase of CPO between the Seller and Buyer
Product quantity	CPO (7,000MT per month)
Term	1 February 2024 to 31 January 2025 (the agreement may be extended based on mutual agreement of the parties at latest 1 month prior to the expiration of the term)
Price and payment	(i) Pricing determined based on the auction price published by PT Perkebunan Nusantara (KPB Belawan/Dumai) on spot trading day. (ii) Pricing period is on the date determined by the Seller in the current month with quantity per 1,000 MT. (iii) Downpayment of 90.0% shall be paid 3 days after the sale and purchase contract is signed and the product has been verified by representative of the Buyer and settlement of remaining 10.0% shall be paid after the products are loaded completed with bill of lading and complete payment documents have been received by the Buyer.
Obligations of the Seller	(i) The product delivered by the Seller must comply with the standards and criteria, and must be in accordance with the product quantity pursuant to the terms of the agreement. (ii) The Seller's obligations, among others: (a) perform the obligations pursuant to the terms of the agreement; (b) always comply with the laws and regulations that apply from time to time, especially those in connection with the performance of the agreement; (c) bear all costs incurred for transportation and accommodation for the third party inspection team (if any); and

(d) be responsible for all licences and/or certifications in the performance of the agreement and release and hold harmless the Buyer from any and all losses arising directly or indirectly from the failure of the Seller to complete all such permits and/or certifications;

(e) provide sufficient equipment and tools and vehicles in good and ready-to-use condition in performing the agreement.

Assignment Either party is not allowed to assign the agreement without the prior written consent of the other party.

Dispute settlement In the event of dispute whether in relation to the performance of the agreement or interpretation of its provisions, the parties agree to settle the dispute through amicable discussion within 45 calendar days as of the date of notice of dispute from one party to the other party. Failure to settle the dispute through amicable discussion, the parties agree to settle the dispute through legal means and the parties shall choose general and permanent legal domicile at the Registrar Office of Central Jakarta District Court, Indonesia. Until a final and binding decision is awarded, the parties must perform the obligations pursuant to the agreement.

Termination

(i) The agreement terminates if (a) the term expires; (b) the Seller is declared bankrupt by court or has commenced bankruptcy process at the court or declared liquidated by the shareholders; or (c) terminated due to Force Majeure Event.

(ii) The Buyer is entitled to unilaterally terminate the agreement, without claim in any form from the Seller and all damages resulting therefrom shall be fully borne by the Seller, including but not limited to the following events:

(a) the Seller does not perform its obligations under the agreement well based on the Buyer's assessment;

(b) the Seller assigns the agreement whether in part or in whole to another party without prior written approval from the Buyer;

(c) the Seller does not perform its obligations under the agreement, does not remedy a violation under the agreement, and/or does not complete performance of the agreement in accordance with the schedule determined by the Buyer upon written notification from the Buyer;

(d) the Seller does something in relation to the agreement without the knowledge or approval from the Buyer, or does something that may directly or indirectly detriment the Buyer;

(e) the Seller violates a representation of the agreement;

(f) the Seller violates one or more provisions under the applicable laws, decree, or government regulations, whether related or unrelated to the field under the agreement which may prevent the Seller from performing the agreement or cause and/or result in the imposition of sanction by the government or other competent authorities on the Buyer, whether directly or indirectly, whether in the form of penalty, administrative sanction or other types of sanction.

(iii) The Buyer will firstly serve 2 written warnings to the Seller within a 3-business day interval prior to unilateral termination by the Buyer. If the agreement is unilaterally terminated by the Buyer due to the above reasons, the Seller must cease the implementation of the agreement and comply with the deadline set forth by the Buyer to dissolve and return its workforce and return materials, equipment and tools borrowed from the Seller (if any) and the price of the products that has not been accepted by the Seller will be deducted by the Buyer's losses (and if there is a shortfall, should be paid by the Seller (compensation for losses)).

(iv) In addition to termination provisions above, the Buyer is entitled to, without reason, unilaterally terminate the agreement, without claim in any form from the Seller. The termination shall be notified in writing to the Seller within 30 days prior to the effective date thereof.

(v) If the Buyer is late in making payment and/or the Buyer does not pick up the product more for more than 1 month as of the stipulated pickup date, the Seller is entitled to cancel the entirety of the agreement, except if such delay has been notified in advance to the Seller accompanied by reasons acceptable by the Seller and/or a Force Majeure Event has occurred.

(vi) In the event of termination of the agreement, the Seller is required to return guarantee, downpayment and/or advance payment granted by the Buyer (if any), if the guarantee, downpayment and/or advance payment granted by the Buyer are higher than the price of the products for the quantity provided and/or delivered by the Seller to the Buyer.

Covenants If the Seller is unable to comply with the product quality specification under the agreement, the Seller is willing to accept claim from the Buyer in accordance to the agreement.

Force majeure Force majeure refers to events that occur beyond the estimation and ability of humans which directly result in the failure of the implementation of the obligations of each party, including but not limited to the occurrence of natural disasters, fires, riots, labour strikes, acts of terrorism, embargoes, riots, explosions, a state of war and the existence of regulations/policies or changes in regulations/government policies related to the implementation of the agreement which must be complied with ("**Force Majeure Event**"), as long as it can be proven as the Force Majeure Event and acceptable to the parties.

The Party directly affected by/experiencing the Force Majeure Event may suspend its obligations and/or rights, as long as the implementation of these obligations and rights is obstructed due to the Force Majeure Event and the party must notify the other party in writing no later than 48 hours from the day that the Force Majeure Event occurred

The Force Majeure Event can only be accepted as an event beyond human capacity if it is proven by a written statement regarding the occurrence of the Force Majeure Event from the competent authority for that purpose. During the Force Majeure Event, the parties are freed from the obligations imposed on each party, but the parties can continue the agreement after further deliberation. If such a Force Majeure Event continues continuously and consecutively for more than 14 calendar days, then the non-affected party has the right to terminate the agreement after completing the calculation and settlement between the parties. If the Force Majeure Event occurs in a period of less than 14 days, the parties can conduct further deliberations to discuss the continuation of the agreement. If the conditions for the acceptance of the Force Majeure Event are not met, either one or more, then the argument regarding the Force Majeure Event proposed by either party may be rejected, so that the provisions of the agreement remain binding and applicable to the parties.

Governing law	Laws of the Republic of Indonesia

(ii) Sale and purchase agreement with PT Binasawit Abadipratama for sale of PK

Contracting parties	PT MKH as the Seller and PT Binasawit Abadipratama (part of Golden Agri-Resources Group of Companies) as the Buyer
Description	The sale and purchase of PK between the Seller and Buyer
Product quantity	PK (600MT per month)
Term	1 June 2023 to 31 December 2023 (renewed until 31 March 2024) (the agreement may be extended upon request of the Buyer by notifying the Seller in writing at latest 30 calendar days prior to the expiration of the term and the Seller must respond to such request within 10 business days upon receipt of such written notice)
Price and payment	(i) Pricing determined based on the average of PT Astra Agro Lestari Tbk's PK daily price in the preceding month, deducted by IDR 510/kg (excluding VAT).
	(ii) Downpayment of 90.0% shall be paid within 4 business days after the invoice issued by the Seller and settlement of remaining 10.0% shall be paid within 5 business days after the products are received by the Buyer and the invoice is issued by the Seller.
Obligations of the Seller	The Seller must warrant to the Buyer that the quality of PK during delivery to the Buyer conforms to the specifications under the agreement.

Assignment The agreement, in whole or in part, may not be assigned by either party to any third party without obtaining prior written approval from the other party.

Dispute settlement In the event of dispute whether in relation to the performance of the agreement or interpretation of its provisions, the parties agree to settle the dispute through amicable discussion within 45 calendar days as of the date of notice of dispute from one party to the other party. Failure to settle the dispute through amicable discussion, the parties agree to settle the dispute through legal means and the parties choose general and permanent legal domicile at the Registrar Office of Central Jakarta District Court, Indonesia.

Termination

(i) The agreement terminates if (a) the term expires and/or the parties have performed their respective obligations properly and in a timely manner; (b) terminated before the expiration of term based on mutual agreement of the parties; and (c) terminated due to Force Majeure Event.

(ii) The Buyer is entitled to terminate the agreement by way of written notice to the Seller on the occurrence of certain provisions under the agreement.

(iii) Each party is entitled to unilaterally terminate the agreement without claim in any form from the other party if solely based on consideration of either party against the other party, such party has carried out the following actions:

(a) either party has received warning letters for 2 consecutive times within an interval of 14 calendar days from the other party, and the party does not its obligations under the agreement, does not remedy a violation under the agreement; and

(b) either party is declared bankrupt by court or has commenced bankruptcy process at the court or declared liquidated by the shareholders, or change of ownership[(1)],

in each case based on a written notice to the other party at the latest 14 calendar days before the termination becomes effective.

(iv) The cancellation, termination and/or expiration of the agreement does not eliminate all outstanding and or pending obligations of the parties, and or sanctions that must be complied with/carried out by the respective parties in accordance with the agreement.

Covenants

(i) The parties agree that each party is obliged and hereby covenants and binds themselves to maintain public order and work safety at the work location and in the community around the work location and or community environment directly or indirectly related to the work and work location as stipulated in the agreement in accordance with the applicable laws and regulations.

(ii) The Buyer covenants and binds itself to maintain harmonious working relations with employees/workers who work for the Seller who carry out and perform the work of the Buyer based on the agreement or with other third parties, including but not limited to parties related to the Buyer and the competent authorities.

(iii) The Seller covenants and binds itself to release the Buyer from all claims, lawsuits, and payments of any kind relating to disputes that arise between the Seller and the employees/workers who work for the Buyer, who carry out and perform the work of the Seller based on the agreement or with any third party, including but not limited to parties related to the Buyer and competent authorities, and will fulfil all provisions stipulated under the laws and regulations in the field of manpower.

Force majeure

Force majeure refers to events that occur beyond the ability and/or control of the Parties so as to affect the implementation of the agreement, including earthquakes, hurricanes or storms, volcanic eruptions, floods, landslides, tsunamis, lightning strikes, fires, and other natural disasters, wars, revolutions, riots, terrorism, sabotage, embargoes, and mass strikes, economic policies of the government that directly affect the implementation of the agreement ("**Force Majeure Event**").

In the event of the Force Majeure Event that affects the implementation of the obligations of either party, the party experiencing the Force Majeure Event is obliged to notify the other party no later than 7 calendar days as of the occurrence of the Force Majeure Event. A written notice must also be made when the Force Majeure Event has ended.

If the party experiencing the Force Majeure Event does not send a notice within 7 calendar days, then the force majeure is deemed to have never occurred, unless the party experiencing the Force Majeure Event can show evidence showing that the notice regarding the Force Majeure Event has been delivered within the prescribed period. The party receiving the notice is deemed to have accepted and agreed to the Force Majeure Event if there is no written response (accept or reject) from the party within a period of 7 calendar days after receiving the written notice from the party experiencing the Force Majeure Event.

All obligations of the party experiencing the Force Majeure Event, other than obligations under these force majeure provisions, are suspended during the occurrence of the Force Majeure Event. However, the party experiencing the Force Majeure Event must try as much as possible to immediately fulfil all of its obligations under the agreement. Within 14 calendar days from the receipt of notice regarding the occurrence of the Force Majeure Event, the parties must have entered into an agreement regarding the suspended obligation. If the intended agreement is not reached, then based on the mutual agreement of the parties in writing, the agreement can be terminated.

Governing law

Laws of the Republic of Indonesia

Note:

[1] PT Binasawit Abadipratama had confirmed to us that they are agreeable with the change in our shareholding structure pursuant to our Listing.

7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

For our plantation business, our Group's purchases mainly comprise fertilisers, spare parts, diesel and petrol as well as FFB which collectively accounted for 58.4%, 71.2%, 96.0% and 95.9% of our Group's total purchases in FYE 2020 to 2023.

Save for spare parts which we source from local and overseas suppliers, the supplies that we purchase are generally readily available and can be sourced from local suppliers in Indonesia. In FYE 2020 to 2023, we did not face any difficulties in sourcing our supplies from local and overseas suppliers.

The price of some of our supplies are subject to price fluctuations, as follows:

(a) The prices of some fertilisers such as urea, potash and borate purchased from suppliers, are in line with crude oil prices as the key raw material to manufacture these fertilisers is a by-product of crude oil;

(b) The prices of FFB purchased from local cooperatives under our Plasma Programme, are based on prices determined by the Indonesian Government which fluctuate in line with the prevailing CPO prices;

(c) The prices of CPO purchased from neighbouring third party palm oil mills, fluctuate according to their supply and demand conditions;

(d) The prices of diesel and petrol purchased from suppliers, move in accordance to the prevailing global crude oil prices; and

(e) The prices of chemicals such as herbicides purchased from suppliers, are based on their supply and demand conditions.

7. BUSINESS OVERVIEW *(Cont'd)*

Nevertheless, the volatility of the prices of the abovementioned supplies did not lead to any substantial increase in our cost of sales which could lead to an adverse impact to our Group's financial performance in FYE 2020 to 2023. In FYE 2022, there was an increase in the price of fertilisers resulting from shortage of supply due to the Russia-Ukraine conflict; and an increase in the price of diesel for use in our generation sets and vehicles due to the increase in global crude oil prices arising from the increase in global demand for crude oil due to fears in the market on any disruptions in supply as a result of the Russia-Ukraine conflict and sanctions implemented by the United States against Russia, which subsequently led to a reduction in subsidies on diesel as announced by the Indonesian Government in September 2022. The increase in the prices of fertilisers and diesel led to an increase in our cost of sales of approximately RM8.6 million, which led to a decline in our GP in FYE 2022 despite cushioned by higher revenue contributed by higher average selling prices of CPO and PK. Save for the aforementioned, there was no increase in the price of our other supplies which are subject to price fluctuations for FYE 2020 to 2023. Please refer to Section 12.2.2 for further details of our Group's results of operations. Save for the above, the remaining supplies generally do not experience material price fluctuations and the prices are relatively stable. To mitigate our exposure to the price fluctuations of some of our supplies mentioned above, we constantly monitor the changes in market prices of these supplies, conduct forecast on the volume of required supplies to ensure smooth operations, and place bulk orders with our suppliers which allows us to negotiate for better pricing.

Save for the purchase of FFB from local cooperatives under our Plasma Programme, all our selected suppliers are evaluated in terms of pricing, supply capacity, reputation, ability to meet our quality requirements and timely delivery of the raw materials.

The breakdown of the purchase of supplies by our Group for FYE 2020 to 2023 is as follows:

		Audited							
		FYE 2020		FYE 2021		FYE 2022		FYE 2023	
Supplies	**Source [1]**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**
Plantation business									
Fertiliser	Local	20,282	23.1	20,296	26.2	23,080	27.1	43,906	40.3
Diesel and petrol	Local	7,219	8.2	9,371	12.1	18,181	21.3	25,654	23.6
Spare parts[2]	Local and overseas	14,898	16.9	13,766	17.7	22,720	26.6	19,201	17.6
FFB[3]	Local	8,976	10.2	11,819	15.2	17,947	21.0	15,656	14.4
Chemical[4]	Local	1,660	1.9	1,397	1.8	1,529	1.8	1,999	1.8
Lubricant	Local	314	0.4	1,007	1.3	1,192	1.4	1,579	1.5
CPO[5]	Local	3,071	3.5	7,501	9.7	-	-	488	0.4
Tyre	Local	292	0.3	523	0.7	656	0.8	416	0.4
PK[6]	Local	478	0.5	468	0.6	-	-	-	-

7. BUSINESS OVERVIEW *(Cont'd)*

		Audited							
		FYE 2020		FYE 2021		FYE 2022		FYE 2023	
Supplies	**Source [(1)]**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**
Trading business									
Building materials[(7)]	Overseas	30,741	35.0	11,376	14.7	-	-	-	-
Total purchases		**87,931**	**100.0**	**77,524**	**100.0**	**85,305**	**100.0**	**108,899**	**100.0**

Notes:

(1) Local refers to purchases from Indonesian suppliers, while overseas refer to purchases from non-Indonesian suppliers.

(2) Includes spare parts such as hardware, tools and equipment purchased to replace parts for our machinery and equipment.

(3) Refers to FFB purchased from local cooperatives under our Plasma Programme.

(4) Refers to herbicides, pesticides and rat baits which are used to protect our oil palms from pests and diseases.

(5) Refers to CPO with FFA content of above or close to 5.00% purchased from neighbouring third party palm oil mills.

(6) Refers to PK purchased from neighbouring third party palm oil mills for reselling to our customers.

(7) Refers to building materials purchased for the trading business carried out by our Group until 31 December 2020. Our Group had ceased the purchase of building materials since 1 January 2021 onwards following the cessation of trading business by our Group for the preparation of our Listing.

7. BUSINESS OVERVIEW *(Cont'd)*

For spare parts which we sourced from local suppliers in Indonesia and overseas suppliers, as well as for building materials which we solely sourced from overseas suppliers, the breakdown of these purchases by country for FYE 2020 to 2023 is as follows:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
Supplies	**RM'000**	**% of purchases**	**RM'000**	**% of purchases**	**RM'000**	**% of purchases**	**RM'000**	**% of purchases**
Spare parts								
Indonesia	13,426	90.1	12,876	93.5	21,344	93.9	17,323	90.2
Malaysia	1,472	9.9	890	6.5	1,376	6.1	1,878	9.8
Total	**14,898**	**100.0**	**13,766**	**100.0**	**22,720**	**100.0**	**19,201**	**100.0**
Building materials								
Malaysia	30,741	100.0	11,376	100.0	-	-	-	-
Total	**30,741**	**100.0**	**11,376**	**100.0**	**-**	**-**	**-**	**-**

All our purchases from local suppliers in Indonesia are denominated in IDR. Purchases of spare parts from suppliers in Malaysia are denominated in RM and/or USD, and purchases of building materials from suppliers in Malaysia are solely denominated in RM. Please refer to Section 12.13(a) for the breakdown of our purchases by currencies.

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7.12 MAJOR SUPPLIERS

Our top 5 major suppliers by total purchases for FYE 2020 to 2023 are as follows:

FYE 2020

Major suppliers	Principal market(1)	Value of purchases RM'000	(2)%	Type of products purchased	(3)Length of business relationship
					years
PT Wilmar Chemical Indonesia	Indonesia	17,687	20.1	Fertiliser	5
Sawit Sendowan Plantation Cooperative, Sedulang Jaya	Indonesia	8,976	10.2	FFB	7
M.K. Chaw Enterprise Sdn Bhd	Malaysia	7,498	8.5	Building materials	2
PT Indotrans Sejahtera	Indonesia	7,219	8.2	Diesel	2
Buildcon Concrete Sdn Bhd	Malaysia	4,862	5.5	Building materials	Less than 1 year
		46,242	**52.6**		

FYE 2021

Major suppliers	Principal market(1)	Value of purchases RM'000	(2)%	Type of products purchased	(3)Length of business relationship
					years
PT Wilmar Chemical Indonesia	Indonesia	18,775	24.2	Fertiliser	6
Sawit Sendowan Plantation Cooperative, Sedulang Jaya	Indonesia	11,819	15.2	FFB	8
PT Indotrans Sejahtera	Indonesia	9,371	12.1	Diesel	3
PT Karya Tehnik Plantation	Indonesia	7,969	10.3	CPO and PK	7
Setiamix Sdn Bhd	Malaysia	1,608	2.1	Building materials	2
		49,542	**63.9**		

FYE 2022

Major suppliers	Principal market(1)	Value of purchases RM'000	(2)%	Type of products purchased	(3)Length of business relationship
					years
PT Indotrans Sejahtera	Indonesia	18,181	21.3	Diesel	4
Sawit Sendowan Plantation Cooperative, Sedulang Jaya	Indonesia	17,863	20.9	FFB	9
PT Sasco Indonesia	Indonesia	6,693	7.8	Fertiliser	5
PT Agrochem Mega Globalindo	Indonesia	5,773	6.8	Fertiliser	5
PT Gerrindo Surya Makmur	Indonesia	5,127	6.0	Fertiliser	7
		53,637	**62.9**		

FYE 2023

Major suppliers	Principal market[(1)]	Value of purchases RM'000	[(2)]%	Type of products purchased	[(3)]Length of business relationship years
PT Indotrans Sejahtera	Indonesia	25,654	23.6	Diesel	5
PT Goautama Sinarbatuah	Indonesia	22,073	20.3	Fertiliser and chemical	12
Sawit Sendowan Plantation Cooperative, Sedulang Jaya	Indonesia	15,062	13.8	FFB	10
PT Gerrindo Surya Makmur	Indonesia	6,458	5.9	Fertiliser	8
PT Wilmar Chemical Indonesia	Indonesia	5,980	5.5	Fertiliser	8
		75,227	**69.1**		

Notes:

(1) Represents the country in which the major suppliers operate.

(2) Calculated as the value of purchases divided by total purchases for the respective financial years.

(3) Length of business relationship with our major suppliers is calculated based on the commencement date of our first business transaction with these suppliers up to the end of each respective financial year.

In FYE 2020 to 2023, our Group has a supplier base of 301 suppliers, 257 suppliers, 230 suppliers and 236 suppliers respectively, for our plantation business. In FYE 2020 to 2023, purchases from our top 5 major suppliers accounted for 52.6%, 63.9%, 62.9% and 69.1% of our total purchases, respectively. During the same period, products purchased from our top 5 major suppliers for our plantation business were fertiliser, diesel, CPO, FFB and chemical.

In FYE 2020 and 2021, there were purchases of building materials from suppliers for our trading business in Malaysia. However, in FYE 2021, our Group had ceased the building materials trading business since 1 January 2021 for the preparation of our Listing.

We are not dependent on these major suppliers as the products provided by them can be easily sourced from the Indonesia market, notwithstanding that our Group has specific requirements on the specifications of certain supplies (e.g. fertilisers) depending on the growing conditions of our oil palms. All purchases with our suppliers are on purchase order basis as we do not have any long term agreements/contracts with our suppliers, except Sawit Sendowan Plantation Cooperative, Sedulang Jaya and Sawit Seguntung Jaya Plantation Cooperative, Puan Cepak upon harvesting of FFB, which we are obliged to purchase all FFB harvested by them under our Plasma Programme.

There has been no dispute with any of our major suppliers for FYE 2020 to 2023.

7.13 R&D

Our Group recognises the importance of continuous R&D to improve the efficiency of our plantation activities and enhance our FFB yields. As such, our R&D efforts focus on enhancing our mechanisation process adopted in our plantation activities; as well as studies related to soil fertility and pollination to ensure healthy crop and maximised FFB yields. These R&D activities are carried out by our in-house field audit / R&D team.

(a) Enhancement of mechanisation process

Our Group emphasises on the continuous enhancement of FFB collection and evacuation process from field to our palm oil mill to improve the overall efficiency of our plantation activities. As such, we adopt mechanical-assisted equipment for the collection of FFB and transportation of FFB from field to our palm oil mill. We modify these equipment according to our needs in order to improve the efficiency in FFB collection and evacuation process whilst reducing manual labour needed.

(b) Studies related to soil fertility, foliage analysis and pollination

Our Group carries out regular and/or ad-hoc studies related to soil fertility of our planted land, as well as foliage analysis and pollination of our oil palms. By carrying out these studies, we are able to outline and implement the suitable strategies and plans to maintain soil fertility and health of oil palm trees through the usage of fertilisers, and to encourage pollination through hatch and carry technique to increase the population of oil palm pollinating weevil. This is to ensure healthy crop and maximised FFB yields by ensuring that the soil remain nutritious and are suitable for the growth of oil palms; as well as to ensure efficient pollination for the flowering of oil palms.

There is no record of R&D expenses as the expenses incurred for the above R&D activities are not material and they are expensed off as part of our maintenance and direct costs.

7.14 COMPETITIVE STRENGTHS

7.14.1 We have oil palm plantations with a maturity and topographical profile that result in high FFB yields

Oil palms reach their prime maturity and experience peak production period from around 10 to 20 years. Prime mature oil palms can generally produce over 25MT of FFB per Ha per year. As at LPD, our prime mature oil palms which are aged between 10 and 16 years, made up approximately 94.9% of our total planted area, whereby 4.8% aged between 10 and 12 years and 90.1% aged between 13 and 16 years. The remaining 5.1% of our oil palms are young mature oil palms between the ages of 4 and 9 years, and will begin to reach peak maturity starting from 2025 onwards. As at LPD, none of our oil palms are categorised as old oil palms (aged between 21 and 25 years) or due for replanting (aged above 25 years). Please refer to Section 7.2.1 for further details on the age profile of our oil palm.

Further, all of our oil palm planted areas are generally flat to gently undulating with the whole of the land below 50 metre AMSL, whereby most of the elevations are between 15 metre and 30 metre AMSL and higher, and up to 40 metre AMSL near the eastern boundary. This eases our operations, including planting, upkeep and maintenance as well as harvesting and evacuation of FFB, thus contributing to our FFB yields.

As a result of the ideal age profile of our oil palms whereby majority of them are in the early or mid-years of prime mature stage, as well as the topographical profile of our plantation estates, we achieved average FFB yields of 29.3MT per Ha, 26.7MT per Ha, 23.2MT per Ha and 24.1MT per Ha for FYE 2020 to 2023 respectively. In comparison, according to the latest available information published by the Plantation Office of East Kalimantan, the average FFB yield in East Kalimantan was 17.4MT per Ha in 2020. Our Group's FFB yield is relatively high in comparison to the average FFB yield in East Kalimantan.

As a substantial majority of our oil palms are in their peak-production years or will soon enter their peak-production years, we believe that the age profile of our oil palms will continue to result in high FFB yields for our Group. As the age maturity and topographical profile of our plantation estates are favourable for oil palm cultivation, we believe these are some of the important factors for the sustained growth and success of our Group.

7.14.2 We adopt efficient plantation practices in our plantation estates, leading to our success in improving FFB yields and production of CPO and PK

Our Group adopts plantation practices that focus on the efficiency of our plantation management and quality of our crop. These plantation practices include field upkeep and weed control, soil fertility and conservation, pest management, mechanisation, water management, harvesting and crop quality, as well as safety, health and environment management.

Further, we utilise technology and enhanced mechanisation to achieve efficient plantation and quality crop. These include the usage of drones and a software application called RondaApp to remotely monitor the conditions of our plantation estates including roads and machinery, usage of powered wheelbarrows as well as farm ATVs and UTVs to improve the efficiency of FFB collection and minimise the delivery time to our palm oil mill, usage of drainage systems to control the water levels, and planting of beneficial plant to combat pest. Please refer to Section 7.7 for further details on the technology adopted by our Group. In addition, our Group's palm oil mill is located within the central region of our plantation estates which allows the delivery of harvested FFB for processing in the shortest time possible to achieve maximum oil yield.

The adoption of the above plantation practices has improved our labour productivity in terms of FFB harvested per manday as well as the management and operational efficiency of our plantation activities. It is our Group's core values and beliefs to continuously endeavour for enhancement of our plantation practices along with technological advancement. These plantation practices, as well as our effort to enhance these practices, will continue to serve as strong foundations for the growth and sustainability of our business.

7.14.3 We are well positioned to benefit from the optimal conditions for oil palm plantation and infrastructural development in East Kalimantan, Indonesia

Our oil palm plantation estates are located in East Kalimantan, Indonesia which is within the tropical belt along the equator that has an optimum climate for the cultivation of oil palm. Given the tropical climate of East Kalimantan, it receives adequate rainfall which is one of the conditions ideal for the growth of oil palm and to achieve high FFB yields. While there may be excessive rainfall in certain months, our plantation estates are equipped with an integrated drainage system to divert excessive water as well as to maintain the moisture level of soil, as set out in Section 7.7.

Our plantation estates and palm oil mill are located close to the provincial capital of East Kalimantan, namely Samarinda; and the financial centre of Kalimantan, namely Balikpapan. Balikpapan is a seaport city which will be the main gateway to the new national capital of Indonesia. Further, we have a private jetty located 48km away from our plantation estates and is along the Mahakam River, thus easing the logistics management as we are able to transport our CPO and PK via the jetty to other river ports along the Mahakam River for onward delivery to our customers, through third party providers appointed by our customers.

In addition, Joko Widodo, the President of Indonesia, announced that the national capital of Indonesia will be relocated from Jakarta to East Kalimantan. The new national capital will be named 'Nusantara', and will be located across 2 districts in East Kalimantan, namely North Penajam Paser and Kutai Kartanegara (which our plantations estates are located in). With this relocation, it is expected to boost the local population and thus further accelerating infrastructural and economic development in East Kalimantan. Moreover, being located close to the national capital will enhance the visibility and exposure of our Group to investors and traders as national capitals generally attract more business travellers, thereby contributing to the prospects of our business.

7.14.4 Our subsidiaries, PT MKH and PT SPS, are ISPO-certified which allows our Group to expand the market acceptance of our products in local market

In our effort to produce sustainable palm oil, we are committed to the preservation of a healthy ecosystem at our plantation estates via good estate management practices such as zero-burning during land clearing and putting up various signboards on environment preservation and wildlife protection as a constant reminder to our plantation workers as they carry out their daily duties. Our approach to sustainable plantation practices ensures that all aspects of environmental health, economic profitability and social responsibility are taken into consideration, in achieving the objective of providing a strong foundation for our ISPO certification and wider market acceptance.

As a result, our subsidiaries, namely PT MKH and PT SPS received the ISPO certification in 2017 and 2022, respectively, as a testament to our sustainable plantation practices and ability to produce sustainable palm oil. Please refer to Section 7.1.1 for further details of the certifications received by our Group. By having an ISPO certification, it has expanded the market acceptance of our products in local market due to the demand for sustainable palm oil. Our ISPO certification increases the exposure of our Group as well as strengthens our reputation in the industry, and is thereby beneficial for our future growth and expansion.

7.14.5 We have an experienced key senior management team with strong industry expertise

Historically, Tan Sri Alex Chen spearheaded the development of our plantation from greenfield to brownfield as Executive Chairman until his re-designation as our Non-Independent Non-Executive Chairman in March 2023, where he continues to provide strategic advice to the current key senior management team. Our key senior management team is presently headed by our Executive Director, Dato' Lee Khee Meng. Dato' Lee Khee Meng is supported by the following key senior management:

Name	Designation	Years of relevant working experience
Chen Wei Chyong	Executive Director	22
Tang Hee Teik	General Manager of Industrial and Agricultural Development	26
Tan Soo Hoon	Group Financial Controller	23
Keng Ching Tong	Group Company Secretary	20
Lee Kong Seng	Project Manager	27

Our key senior management team possesses substantial knowledge and exposure in the oil palm plantation business. The team has played a vital role in promoting our growth and business expansion, and will continue to contribute to our growth in the future. Please refer to Sections 5.2.3 and 5.3.3 for the profiles of our Executive Directors and key senior management, respectively.

7.14.6 We are well positioned to benefit from growth in the global edible oils market and the oil palm industry in Indonesia

The potential for our future revenue growth is promising in line with the increasing demand for edible oils and fats globally. According to the IMR Report, from 2020 to 2023, the total global consumption of major edible oils increased from 239.27 million MT to 247.72 million MT at a CAGR of 1.16%. Palm oil is the highest consumed edible oils, outstripping the consumption of other major edible oils and fats. In 2023, palm oil accounted for 31.24% of total global consumption of major edible oils and fats. On the other hand, palm kernel oil was the eighth most consumed edible oil globally, accounting for 3.25% of total global edible oils and fats consumption in 2023. Global demand for major edible oils is expected to grow in line with the growing demand for food as a result of increasing world population.

Global demand for palm oil as the most consumed edible oil and fat benefits the oil palm industry in Indonesia. According to the IMR Report, Indonesia is the world's largest consumer market for CPO; and in 2023, CPO consumption in Indonesia amounted to 19.72 million MT, accounting for 25.48% of global CPO consumption of 77.38 million MT. From 2020 to 2023, consumption of CPO in Indonesia increased from 16.71 million MT to 19.72 million MT at a CAGR of 5.68%.

As an upstream oil palm plantation group which produces and sells CPO and PK to downstream refineries and PK crushing plants for the production of palm-based edible oils and oleochemical products, our growth will remain in tandem with the oil palm industry in Indonesia as well as the increasing consumption of CPO in Indonesia. Further, with the ever-increasing global population, we believe that we are well-positioned to benefit from this growth and the relatively recession-proof demand for food products.

7.15 BUSINESS STRATEGIES AND PROSPECTS

7.15.1 We plan to expand our oil palm plantation business through the expansion of plantation estates

As at LPD, we own 2 plantation estates, 1 palm oil mill and 1 jetty in East Kalimantan, Indonesia. We intend to grow our oil palm plantation business by expanding our oil palm plantation estates. As such, we plan to acquire additional land located in close proximity to our current oil palm plantation estates in Kutai Kartanegara, East Kalimantan for better coordination of operational and logistics management.

As at LPD, we have identified company(ies) with potential land banks for oil palm plantation in the sub-district of Muara Kaman, Kutai Kartanegara, East Kalimantan. The estimated land area is approximately 5,000.0 Ha with an estimated area for planting of approximately 4,000.0 to 4,500.0 Ha. Subject to successful negotiation and feasibility study to the satisfaction of our Group, the expected time to finalise such acquisition is by second quarter of 2024. As at LPD, we are in the midst of finalising the negotiation to appoint an independent expert to conduct the said feasibility study such as climate, humidity and soil condition on the potential land banks for oil palm plantation. For clarity, the potential land banks comprise mainly unplanted lands where approximately 3.0% of the land area are planted with oil palms (average age of 2 years) by the local farmers, of which we will take over in the event that the above proposed acquisition materialises. Upon completion of the acquisition, we will commence planting of oil palms on the entire area for planting immediately, and we expect to harvest FFB after 2.5 years from the date of field planting. We also plan to set up a new palm oil mill within the new plantation estates to process the FFB harvested from the new plantation estates. As at LPD, the details on the setup of the new palm oil mill are not available as it is subject to the location and the actual planted area of the plantation land to be acquired.

We intend to utilise a total of RM42.0 million from the proceeds to be raised from our Public Issue to fully fund the acquisition of the land or the company that owns the land, as well as planting and upkeeping of oil palms. Should the cost of the above be greater than RM42.0 million, the outstanding cost will be funded through bank borrowings and/or internally generated funds. In the event that the above proposed acquisition materialises, we may recruit approximately 400 additional general workers with an estimated monthly salary totalling approximately RM0.4 million (to be funded internally) to carry out the planting activities at the plantation land. For avoidance of doubt, the plantation land to be acquired will be either part of the Plasma Programme where at least 20.0% of the total area will be developed for the local cooperative under the Plasma Programme for our Group to manage or in any other form or arrangement (such as profit sharing scheme) as stipulated under the regulatory framework for plantation business licensing governed by the President of Indonesia Decree. The profit sharing scheme is based on an agreed sharing ratio of income or profit between our Group and the local farmers after taking into account the product selling price, production cost and the needs of the farm household. As at LPD, our Group has not participated in the Plasma Programme or established any profit sharing scheme arrangement with the local farmers relating to the aforementioned plantation land. Please refer to Section 4.9.1(a) for further details on the utilisation of proceeds.

With the new plantation estate, we will be able to increase our FFB harvest to increase our production of CPO and PK, which is expected to improve our financial performance. This is will then enhance our position in the industry and strengthen our foundation for future business growth and expansion.

7.15.2 We intend to enhance our operational efficiency by acquiring new machinery and equipment to be used in FFB harvesting and palm oil milling

We intend to purchase additional machinery and equipment to enhance the efficiency of our FFB harvesting activities and palm oil milling activities. The key machinery and equipment we intend to purchase are as follows:

Machinery and equipment	Function	Number of units	Total estimated cost
			RM'000
FFB harvesting			
Spare parts	Replacement parts for our harvesting machinery and equipment		
- Undercarriage	Replacement parts for excavators[(1)]	8	1,486
- Main pump	Replacement parts for excavators[(1)]	8	686
- Engine	Replacement parts for excavators[(1)]	8	1,828
Crawler dumpers	For heavy duty FFB transportation from field to collection points	50	3,900
Farm ATVs	To collect FFB from fields to collection points	65	1,300
Trailers (attached to trucks)	To collect FFB from collection points to palm oil mill	30	800
			10,000
Palm oil milling			
FFB cages	To carry FFB for sterilisation process	20	2,000
Fuel storage and conveyor system	To store and transport fuel (i.e. mesocarp fibre and PK shells) for burning in boilers	1	1,500
Kernel silo	To store polished palm nuts for drying to remove moisture content	2	1,400
EFB shredders	To shred EFB	4	1,120
Others[(2)]	Spare parts for the machinery and equipment for palm oil milling activities	-	5,980
			12,000

Notes:

(1) As at LPD, our harvesting machinery and equipment that require replacement are 8 units of excavators.

(3) Comprises 10 units of machinery and equipment such as EFB pressing machines and hydrocyclone, all of which are below RM0.3 million per unit, as well as 50 units of various spare parts such as vacuum dryer pump, oil transfer pump, purifier, nut polishing drum, column system, and decanter.

The machinery and equipment that we intend to purchase for FFB harvesting will be used to enhance the efficiency and mechanisation of our FFB harvesting activities, as we will be able to reduce manual transportation of FFB from the field to collection points, and increase the frequency of FFB transportation from collection points to our existing palm oil mill, while using less human resources.

On the other hand, the machinery and equipment that we intend to purchase for palm oil milling will be used to replace and upgrade some of the existing machinery and equipment in our existing palm oil mill, and the spare parts that we intend to purchase will be used in the maintenance of our existing machinery and equipment for palm oil milling activities to upkeep the efficiency of our palm oil milling activities. This is expected to improve our OER, which will eventually improve the financial performance of our Group.

The total cost of purchasing these new machinery and equipment is estimated to be approximately RM22.0 million, which will be fully funded from the proceeds to be raised from our Public Issue. Please refer to Sections 4.9.1(b) and (d) for further details on the machinery and equipment to be purchased and utilisation of proceeds. We expect to purchase these machinery within 24 months upon our Listing.

7.15.3 We plan to expand our processing capabilities and product offerings by producing and selling CPKO

As at LPD, we are principally involved in the production and sale of CPO and PK. Customers who purchase PK from our Group are PK crushing mills and downstream refineries, whereby these customers are involved in extracting oil from PK for further processing into CPKO which are used in the manufacturing of food and non-food products. CPKO is more saturated than CPO, and is used to produce cooking oil for high-temperature cooking as it remains stable in high temperature. Further, CPKO is used to produce non-food products such as cosmetics and personal care products. In line with our business strategy to increase our revenue streams, we plan to expand our processing capabilities and product offerings to produce CPKO and PKE (a by-product of CPKO from the crushing of PK), for sale to external customers, using PK extracted from our FFB which is currently sold to external customers and/or PK purchased from third parties.

To facilitate this plan, our Group intends to set up a PK crushing facility adjacent to our existing palm oil mill, with a processing capacity of 90MT PK per day, to crush and press PK for extraction and processing into CPKO, which includes PKE which is a by-product of CPKO from PK crushing. The setup of the PK crushing facility will mainly involve the construction of the facility as well as purchase and installation of machinery, with estimated costs as follows:

Setup of the PK crushing facility	**Estimated total cost**
	RM'000
Construction of the PK crushing facility	3,000
Purchase and installation of machinery and equipment	8,300
Purchase and installation of 2 CPKO storage tanks with a total capacity of 2,500MT	2,700
	14,000

The total setup cost is estimated to be approximately RM14.0 million, of which RM9.0 million will be funded from the proceeds to be raised from our Public Issue, with RM3.0 million allocated for the construction of the PK crushing facility and RM6.0 million allocated for the purchase and installation of machinery and equipment and CPKO storage tanks. The remaining RM5.0 million will be funded through bank borrowings and/or internally generated funds. The setup of the PK crushing facility requires the Building Approval *(Persetujuan Bangunan Gedung)*, a permit granted by the local authority or central government to building owners to build, change, expand, reduce, and/or maintain buildings in accordance with applicable building technical standards. The application for Building Approval, which was submitted via Building Management Information System on 26 May 2023, has been verified by the said system on 29 May 2023. Our Group has subsequently in early June 2023 had a consultation with the officer of Ministry of Public Works and Housing *(Kementerian Pekerjaan Umum dan Perumahan Rakyat)* and we obtained the Building Approval from local authority on 4 August 2023. In addition, upon completion of the setup of the PK crushing facility, we are required to obtain the Feasibility Certificate *(Sertifikat Laik Fungsi)* from the Investment Office of One-Door Integrated Services Kutai Kartanegara Regency, a certificate for buildings that have been completed and have met the technical feasibility requirements according to the building function. We expect to obtain the Feasibility Certificate by 2nd quarter of 2024 and commence the operations of the PK crushing facility by 2nd quarter of 2024. Please refer to Section 4.9.1(c) for further details on the utilisation of proceeds from our Public Issue.

We expect to complete the setup of the PK crushing facility and commence operations by 2nd quarter of 2024, with a tentative timeline as follows:

Tentative timing	Key events
April 2023	• Commenced construction of the PK crushing facility
4 August 2023	• Obtained the Building Approval *(Persetujuan Bangunan Gedung)* from local authority from the Investment Office of One-Door Integrated Services Kutai Kartanegara Regency
February 2024	• Completed construction of the PK crushing facility • Commenced and completed installation of machinery and equipment and CPKO storage tanks
2nd quarter of 2024	• To obtain the Feasibility Certificate *(Sertifikat Laik Fungsi)* from the Investment Office of One-Door Integrated Services Kutai Kartanegara Regency • To commence operations of the PK crushing facility

Further, we are in the midst of identifying potential customers for our CPKO, which are downstream refineries involved in the refinery and clarification of CPKO in Indonesia.

Upon commencing the production of CPKO using the PK extracted in-house, we will gradually decrease our sale of PK to external customers. With this, we expect improved financial performance as we will have an additional revenue stream. Further, our Group expects to generate better margin from processing and selling CPKO as compared to selling PK as we can leverage on existing resources for our PK crushing activities to minimise our operating cost while selling CPKO at higher prices as CPKO is generally a higher-value product as compared to PK.

7.15.4 We plan to construct new staff quarters and refurbish our existing staff quarters to house additional workers and improve the living conditions of our workers and their family members

We have existing staff quarters constructed in our plantation estates to house our workers (including harvesters, plantation workers and support personnel) and their family members. The existing staff quarters are houses constructed fully by wood. We intend to refurbish our existing staff quarters to enhance the living conditions of our workers and their family members as part of continuous accommodation upgrading initiative.

As at LPD, our existing staff quarters comprise 383 blocks (2,618 units) of wooden houses and are fully occupied. We plan to progressively construct 59 blocks (289 units) of new houses using a combination of bricks, concrete and wood which are safer and less exposed to hazards.

We intend to utilise a total of RM10.0 million from the proceeds to be raised from our Public Issue to fund the construction of new staff quarters and refurbishment of our existing staff quarters. Any outstanding cost will be funded through bank borrowings and/or internally generated funds. Please refer to Section 4.9.1(e) for further details on the utilisation of proceeds.

7.15.5 We plan to expand the coverage of electricity supply generated through the turbines at our palm oil mill to other regions of our plantation estates

As at LPD, we use some of our by-products from palm oil milling, namely PK shells and mesocarp fibre, as fuel for the boilers at our palm oil mill to produce steam for electricity generation by turbines. The electricity generated is currently used to power our palm oil mill, as well as for some domestic consumption in the central region of our plantation estates which includes staff quarters, offices, school, clinic and street lightings. However, our turbines have the capacity to generate more electricity than what is current used.

Notwithstanding our capability to generate more electricity from our turbines to other regions of our plantation estates, all our facilities in other regions of our plantation estates are currently powered by electricity generated through diesel generators, in which we incur diesel fuel cost and which produces harmful emissions into the environment. As at LPD, we do not have the required infrastructure to transmit the electricity generated by our turbines to these regions of our plantation estates.

In an effort to reduce our diesel fuel cost as well as part of our effort for environmental conservation, we plan to expand the coverage of the electricity generated by our turbines to other regions of our plantation estates which are electrified through diesel generators. To facilitate this, we intend to build the required infrastructure for transmission of electricity from our turbines in the central region to our facilities in other regions of our plantation estates. This will involve the construction of 8 mini electrical substations, as well as the purchase and installation of electrical components such as power cables, step-up and step-down transformers, and other electrical accessories. We intend to engage a third party solution provider to carry out these works.

The total cost of this plan is estimated to be RM10.0 million, which will be fully funded from the proceeds to be raised from our Public Issue. Please refer to Section 4.9.1(f) for further details on the utilisation of proceeds. The electricity supply system is expected to complete and be commissioned within 24 months from our Listing.

With our expanded electricity supply system in place, we expect to reduce the diesel fuel cost used by the generators in other regions of our plantation estates of approximately RM3.8 million, RM4.6 million, RM8.6 million and RM11.4 million in FYE 2020 to 2023, which represented 2.1%, 2.8%, 4.6% and 4.6% of our total cost of sales, respectively. This will promote self-sustainability and enhance our reputation as we place emphasis on environmental governance and responsibility.

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SMITH ZANDER

Date: 14 MAR 2024

The Board of Directors

MKH Oil Palm (East Kalimantan) Berhad
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Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor

Dear Sir / Madam,

Independent Market Research Report on the Oil Palm Industry in Indonesia ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("**SMITH ZANDER**") for inclusion in the Prospectus in conjunction with the listing of MKH Oil Palm (East Kalimantan) Berhad on the Main Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry and market(s) in which MKH Oil Palm (East Kalimantan) Berhad and its subsidiaries ("**MKHOP Group**") operate and to offer a clear understanding of the industry and market dynamics. MKHOP Group is an upstream oil palm plantation group and its operations are based in East Kalimantan, Indonesia. Through its subsidiaries, it is principally involved in the cultivation of oil palm plantation and the production and sale of crude palm oil and palm kernel. Hence, the scope of work for this IMR Report will address the following areas:

(i) The oil palm industry in Indonesia;
(ii) Industry performance, size and growth;
(iii) Key industry drivers, risk and challenges; and
(iv) Competitive overview.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report or otherwise.

For and on behalf of SMITH ZANDER:

DENNIS TAN TZE WEN
MANAGING PARTNER

SMITH ZANDER

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The research for this IMR Report was completed on 1 March 2024.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

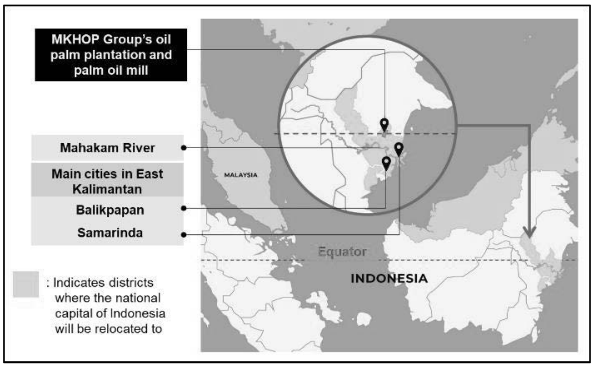
Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 26 years of experience in market research and strategy consulting, including over 21 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 THE OIL PALM INDUSTRY IN INDONESIA

Economic and geographical overview of Indonesia

Indonesia is the largest economy in Southeast Asia with a total Gross Domestic Product ("**GDP**") of IDR12.30 quadrillion (RM3.68 trillion)[1], and the world's fourth most populous nation with a population size of 278.70 million, in 2023.[2] In 2023, the economy of Indonesia was mainly supported by the manufacturing sector which was the largest contributor to the nation's GDP at IDR2.51 quadrillion (RM750.49 billion)[1], followed by wholesale and retail trade as well as repair of motor vehicles and motorcycles sector at IDR1.60 quadrillion (RM478.40 billion)[1], and agricultural, forestry and fishing sector at IDR1.45 quadrillion (RM433.55 billion)[1]. Within the agricultural, forestry and fishing sector, plantation crops, which include oil palm, was the largest contributor to the sectoral GDP at IDR439.50 trillion (RM131.41 billion)[1].[3]

Kalimantan is a territory of Indonesia located in Borneo Island. East Kalimantan, one of the five provinces in Kalimantan, has its capital Samarinda, which lies on the banks of the Mahakam River. East Kalimatan has a seaport city named Balikpapan, which is also the financial centre of Kalimantan and will be the main gateway to the new national capital of Indonesia. The economy of East Kalimantan is mainly driven by natural resources such as oil, natural gas, coal and gold. In 2019, Joko Widodo, the President of Indonesia, announced that the national capital of Indonesia will be relocated from Jakarta to East Kalimantan, whereby the new national capital will be located across 2 districts in East Kalimantan, namely North Penajam Paser and Kutai Kartanegara, both of which are located close to Samarinda and Balikpapan.



Source: SMITH ZANDER

Overview of the oil palm industry in Indonesia

The value chain of the oil palm industry can be categorised into 4 segments, comprising upstream, midstream, downstream processing, and consumer and industrial products manufacturing as follows:

Value chain of the oil palm industry

	Upstream	Midstream	Downstream processing	Consumer and industrial products manufacturing
Activities	▪ Seed production ▪ Nursery ▪ Cultivation ▪ Harvesting ▪ Palm oil milling ▪ PK crushing	▪ Trading ▪ Bulking	▪ Refining ▪ Fractionation ▪ Esterification	▪ Blending ▪ Packing ▪ Marketing and branding
Products/ output	▪ Oil palm seedling ▪ Fresh fruit bunches ("FFB") ▪ Crude palm oil ("CPO") ▪ Palm kernel ("PK") ▪ Crude palm kernel oil ("CPKO") ▪ By-products (empty fruit bunch (EFB), decanter cake, mesocarp fibre, PK shell and palm oil mill effluent)	▪ CPO ▪ PK ▪ CPKO	▪ Refined, bleached and deodorised ("RBD") palm oil ▪ RBD palm kernel oil ▪ Palm fatty acid distillate ▪ RBD palm olein ▪ RBD palm stearin ▪ Cocoa butter substitute ▪ Fatty acid, alcohols, amines, amides ▪ Glycerines ▪ Biodiesel	▪ Cooking and salad oils ▪ Margarines and spreads ▪ Bakery shortening ▪ Emulsifiers ▪ Confectionery fats ▪ Cosmetics ▪ Soaps ▪ Sanitisers ▪ Detergents

Notes:
- *The list is not exhaustive.*
- *Indicates the segment that MKHOP Group is involved in and key products sold to its customers.*

Source: SMITH ZANDER

[1] *Exchange rate for IDR to RM for 2023 is converted based on the average annual exchange rate in 2023, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0299.*
[2] *Sources: The World Bank, Badan Pusat Statistik ("**BPS**")*
[3] *Source: BPS*

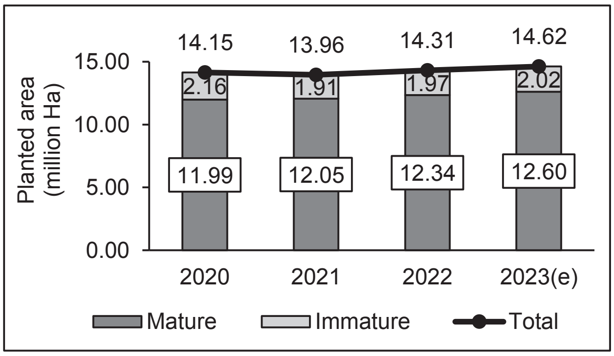
2 INDUSTRY PERFORMANCE, SIZE AND GROWTH

Supply analysis of the oil palm industry in Indonesia

From 2020 to 2023, total mature and immature oil palm planted area in Indonesia rose from 14.15 million hectares ("**Ha**") to 14.62 million Ha at a compound annual growth rate ("**CAGR**") of 1.10%. Over the same period, immature oil palm planted area in Indonesia decreased at a negative CAGR of 2.21%, while mature oil palm planted area increased at a CAGR of 1.67%.

East Kalimantan, in which MKHOP Group's plantation estates are located, recorded an increase in total mature and immature oil palm planted area at a CAGR of 1.26%, from 1.31 million Ha in 2020 to 1.36 million Ha in 2023.

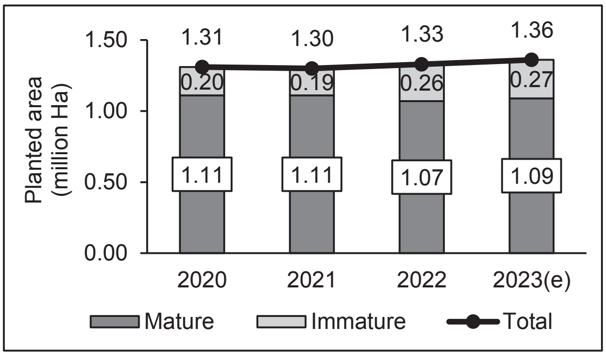
Oil palm planted area (Indonesia), 2020 - 2023(e)



Note: (e) - estimate

Sources: Ministry of Agriculture Indonesia, SMITH ZANDER

Oil palm planted area (East Kalimantan), 2020 - 2023(e)

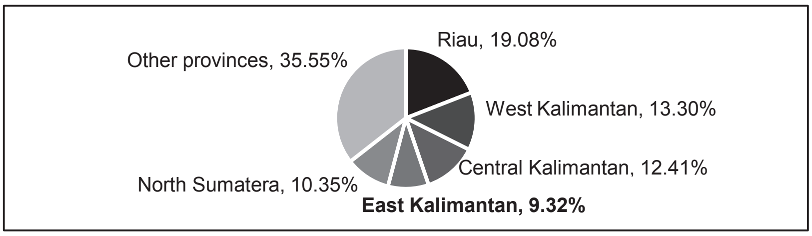


Note: (e) - estimate

Sources: Ministry of Agriculture Indonesia, SMITH ZANDER

Oil palm plantations in Indonesia are mainly centred in several provinces, namely Riau, West Kalimantan, Central Kalimantan, East Kalimantan and North Sumatera, whereby total mature and immature oil palm planted area in these provinces accounted for 19.08%, 13.30%, 12.41%, 9.32% and 10.35% respectively, of the total mature and immature oil palm planted area in Indonesia in 2023.

Contribution of oil palm planted area by province (Indonesia), 2023(e)



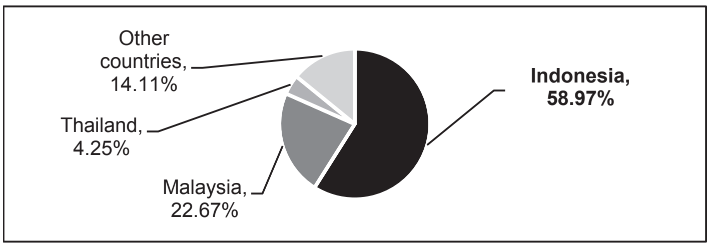
Notes: (e) - estimate; Figures may not add up due to rounding difference.

Sources: Ministry of Agriculture Indonesia, SMITH ZANDER

Indonesia is the world's largest producer of CPO. In 2023, Indonesia's CPO production, which stood at 48.24 million metric tons ("**MT**"), accounted for 58.97% of global CPO production of 81.81 million MT.

From 2020 to 2023, production of CPO in Indonesia increased from 45.74 million MT to 48.24 million MT at a CAGR of 1.79%. In East Kalimantan, production of CPO increased from 3.72 million MT in 2020 to 3.98 million MT in 2023 at a CAGR of 2.28%.

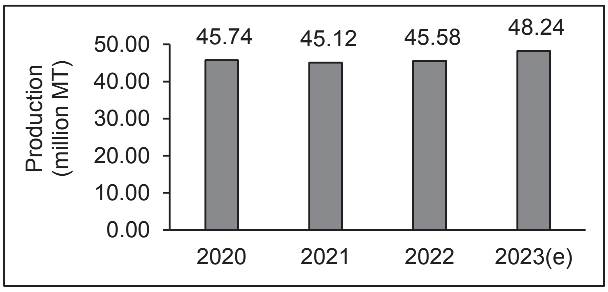
Composition of global CPO producers, 2023(e)



Note: (e) - estimate

Sources: Ministry of Agriculture Indonesia, SMITH ZANDER

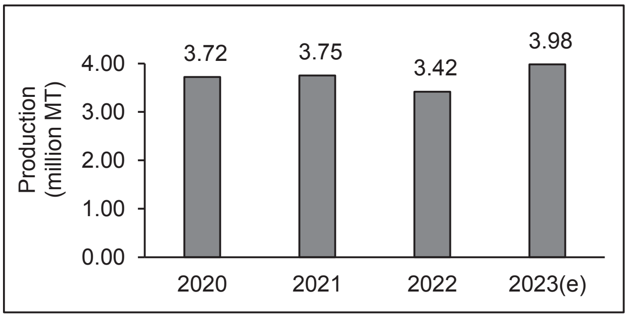
Production of CPO (Indonesia), 2020 - 2023(e)



Note: (e) - estimate

Sources: Ministry of Agriculture Indonesia, SMITH ZANDER

Production of CPO (East Kalimantan), 2020 - 2023(e)

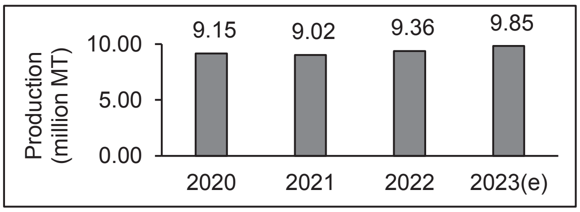


Note: (e) – estimate

Sources: Ministry of Agriculture Indonesia, SMITH ZANDER

In line with the increasing production of CPO in Indonesia, from 2020 to 2023, production of CPKO in Indonesia also increased from 9.15 million MT to 9.85 million MT at a CAGR of 2.49%. Production of CPKO in East Kalimantan is not publicly available.

Production of CPKO (Indonesia), 2020 - 2023(e)



Note:

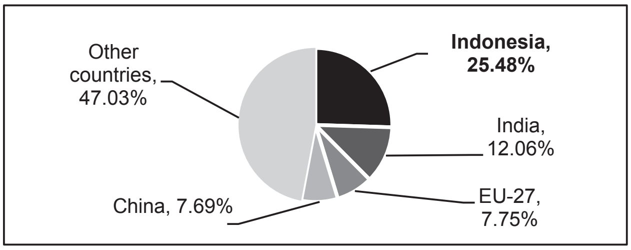
(e) – estimate

Sources: BPS, SMITH ZNDER

Demand analysis of the oil palm industry in Indonesia

Indonesia is the world's largest consumer market for CPO. In 2023, CPO consumption in Indonesia amounted to 19.72 million MT, accounting for 25.48% of global CPO consumption of 77.38 million MT. This is followed by India (12.06%), European Union ("**EU-27**") (7.75%) and China (7.69%). From 2020 to 2023, consumption of CPO in Indonesia increased from 16.71 million MT to 19.72 million MT at a CAGR of 5.68%.

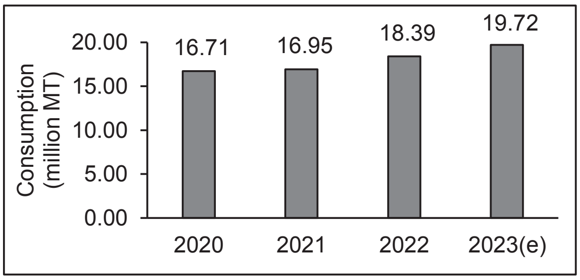
Composition of global CPO consumer markets, 2023(e)



Note: (e) - estimate

Source: SMITH ZANDER

Consumption of CPO (Indonesia), 2020 - 2023(e)

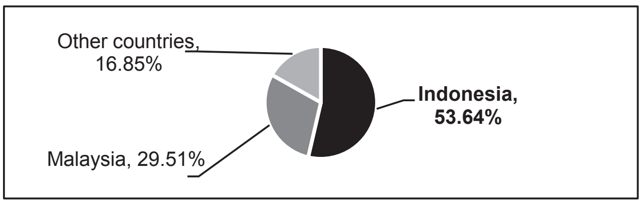


Note: (e) - estimate

Source: SMITH ZANDER

In tandem with its position as the world's largest producer of CPO, Indonesia is also the world's largest exporter of CPO, and hence it plays a significant role in supporting the global demand for palm oil. In 2023, Indonesia's CPO exports which stood at 27.50 million MT, accounted for 53.64% of global CPO exports of 51.27 million MT.

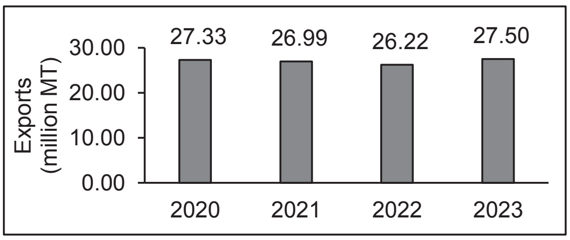
Composition of global CPO exports, 2023(e)



Note: (e) - estimate

Sources: BPS, SMITH ZANDER

Exports CPO (Indonesia), 2020 - 2023



Sources: BPS, SMITH ZANDER

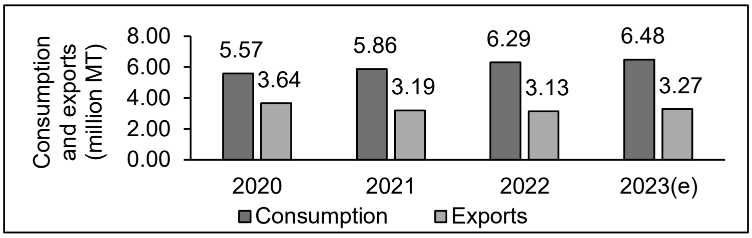
However, from 2020 to 2022, Indonesia's exports of CPO decreased from 27.33 million MT to 26.22 million MT at a negative CAGR of 2.05%. This was mainly due to the export ban on CPO, RBD palm oil, RBD palm olein and used cooking oil imposed by the Government of Indonesia from 28 April 2022 to 23 May 2022 in an effort to curb the rise in domestic cooking oil prices.

As Indonesia is the largest exporter of palm oil globally, the export ban adversely impacted global CPO supply. Conversely, Indonesia experienced a domestic oversupply of CPO during the same period, which successfully stabilised domestic cooking oil prices and subsequently drove the consumption of CPO in Indonesia. Following the upliftment of the export ban, the Government of Indonesia reinstated the domestic market obligation in which CPO exporters are required to fulfil a local CPO sales quota in order to export CPO, which also contributed to the overall decrease in CPO exports in 2022. From 2022 to 2023, Indonesia's exports of CPO increased year-on-year ("**YOY**") by 4.88% from 26.22 million MT to 27.50 million MT. Overall, from 2020 to 2023, Indonesia's exports of CPO increased at a CAGR of 0.21% from 27.33 million MT to 27.50 million MT.

In line with the increase in consumption of CPO, consumption of CPKO in Indonesia also increased from 5.57 million MT in 2020 to 6.48 million MT in 2023 at a CAGR of 5.17%.

From 2020 to 2022, exports of CPKO decreased from 3.64 million MT to 3.13 million MT at a negative CAGR of 7.27%, which is in line with the decline in Indonesia's CPO exports over the same period.

Consumption and exports of CPKO (Indonesia), 2020 - 2023(e)



Note: (e) - estimate

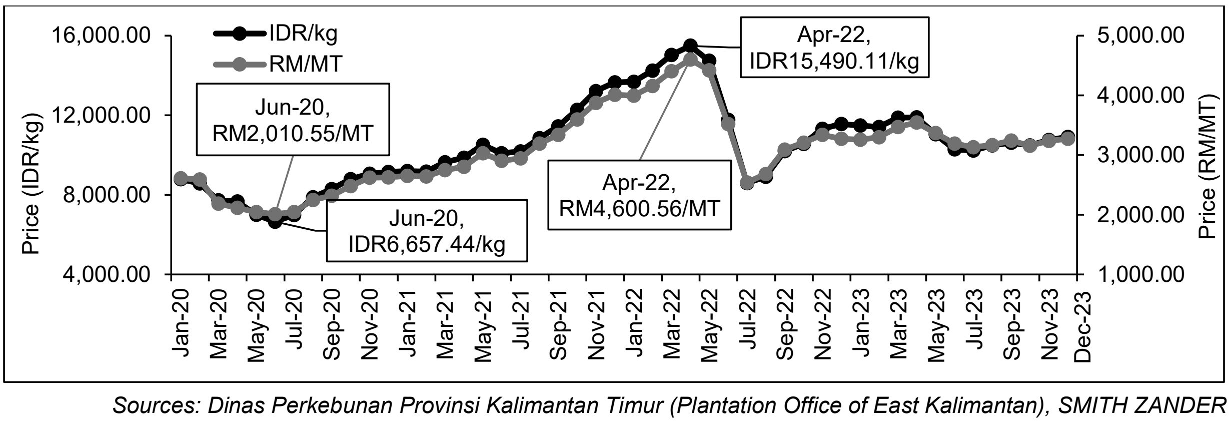
Source: SMITH ZANDER

From 2022 to 2023, Indonesia's CPKO exports increased YOY by 4.47% from 3.13 million MT to 3.27 million MT. Overall, from 2020 to 2023, Indonesia's CPKO exports decreased at a CAGR of 3.51% from 3.64 million MT to 3.27 million MT.

Price trend analysis of CPO and palm kernel ("PK")

Between 2020 and 2023, prices of CPO in East Kalimantan fluctuated, with the lowest price at IDR6,657.44/kilograms ("**kg**") (RM2,010.55/MT)[4] in June 2020 and the highest price at IDR15,490.11/kg (RM4,600.56/MT)[5] in April 2022.

CPO prices (East Kalimantan), 2020 – 2023



Sources: Dinas Perkebunan Provinsi Kalimantan Timur (Plantation Office of East Kalimantan), SMITH ZANDER

[4] *Exchange rate for IDR to RM for June 2020 is converted based on the average exchange rate in June 2020, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0302.*

[5] *Exchange rate for IDR to RM for April 2022 is converted based on the average exchange rate in April 2022, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0297.*

Local prices of CPO in East Kalimantan mirror the global prices of CPO, which are influenced by supply and demand conditions of CPO in the global market. The trend of global CPO prices between 2020 and 2023 is described as follows:

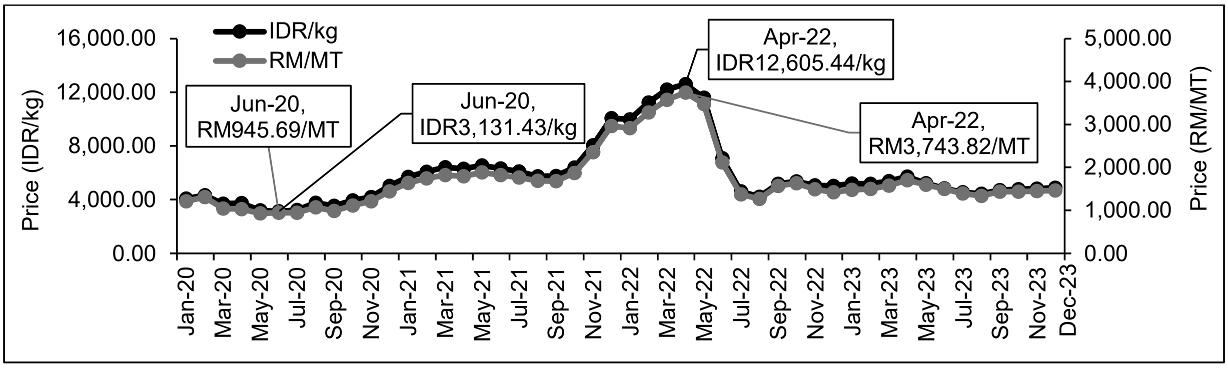
- Between January 2020 and June 2020, CPO prices were at a decreasing trend due to dampened demand for CPO as a result of the COVID-19 pandemic and the imposition of movement restrictions in a bid to curb the spread of COVID-19. Subsequently, CPO consumption had reduced due to lower import demand from India and China, which are the two largest import countries for CPO. Coupled with dry weather conditions and labour shortages, global prices of CPO decreased, which weighed down the local CPO prices in East Kalimantan to its lowest during the period of 2020 to 2023, at IDR6,657.44/kg (RM2,010.55/MT) in June 2020.
- Between July 2020 and April 2022, CPO prices were at an increasing trend mainly as a result of the continuous low CPO supply due to the earlier imposition of movement restrictions which had restricted or placed limitations on CPO production. Furthermore, shortages in foreign labour and temporary closure of operations of oil palm plantations particularly in Malaysia had further suppressed CPO production. In addition, heavy rainfall in early 2021 had disrupted oil palm harvesting activities as well as logistics on oil palm plantations, which led to lower FFB yield and subsequently lower CPO supply. The increase in CPO prices beginning 2021 was also contributed by the increasing demand for CPO due to the easing of movement restrictions globally, particularly in Europe and North America.

  In addition, the outbreak of the Russia-Ukraine conflict in February 2022 had disrupted the supply of sunflower oil from Ukraine which subsequently drove demand for CPO as a substitute, leading to the rise in global CPO prices. As Cost, Insurance and Freight ("**CIF**") Rotterdam prices continued to rise due to the Russia-Ukraine conflict, local CPO prices in East Kalimantan reached its highest since 2020 at IDR15,490.11/kg (RM4,600.56/MT) in April 2022. Consequently, the Government of Indonesia had imposed a palm oil export ban from 28 April 2022 to 23 May 2022 in a bid to lower domestic cooking oil prices, whereby the ban on exports was intended to increase the supply of domestic palm oil, which would subsequently lead to an increase in the supply of domestic cooking oil, resulting in a decrease in domestic cooking oil prices. Due to its palm oil export ban, Indonesia's exports of CPO and global CPO imports declined, which further drove global CPO prices as well as led to the drop in global CPO consumption.
- From May 2022 to July 2022, CPO prices were at a decreasing trend, which was mainly due to excessive stock of CPO in Indonesia accumulated during the export ban and increase in CPO exports by Indonesia.
- From August 2022 to April 2023, CPO prices were generally at an increasing trend due to the increase in demand for CPO as CPO exports and consumption rose as a result of the pent-up demand for CPO by importing countries such as India and China following the upliftment of the Indonesian palm oil export ban, as well as the tightening of palm oil export quotas by Indonesia in January 2023 to secure domestic palm oil supply and control domestic cooking oil prices ahead of the Islamic festivals around the end of March 2023 to end of April 2023.
- From May 2023 to July 2023, CPO prices were generally at a decreasing trend due to weaker prices of competitive oils such as soybean, sunflower and rapeseed oils which affected the demand for CPO, higher expected CPO production and inventories as well as lower import demand from India.
- From August 2023 to December 2023, CPO prices were generally moving at a consistent trend.

Between 2020 and 2023, prices of PK in East Kalimantan fluctuated, with the lowest price at IDR3,131.43/kg (RM945.69/MT)[6] in June 2020 and the highest price at IDR12,605.44/kg (RM3,743.82/MT)[7] in April 2022.

[6] *Exchange rate for IDR to RM for June 2020 is converted based on the average exchange rate in June 2020, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0302.*
[7] *Exchange rate for IDR to RM for April 2022 is converted based on the average exchange rate in April 2022, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0297.*

PK prices (East Kalimantan), 2020 – 2023



Sources: Dinas Perkebunan Provinsi Kalimantan Timur (Plantation Office of East Kalimantan), SMITH ZANDER

Generally, PK prices have similar trends with CPO prices as the production of PK is closely tied to the production of CPO given that PK is a by-product of CPO. As such, the factors which affect the production of CPO also applies to the production of PK. Local prices of PK in East Kalimantan mirror the global prices of PK, which are influenced by supply and demand conditions of PK in the global market.

3 KEY INDUSTRY DRIVERS, RISKS AND CHALLENGES

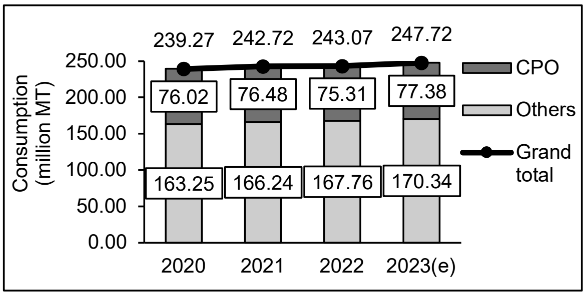
Key Industry Drivers

► **Growing demand for food drives the demand for edible oils and fats which subsequently drives the growth of the oil palm industry**

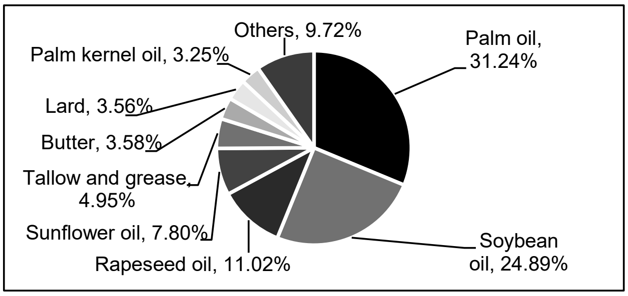
The demand for edible oils and fats such as palm oil is directly driven by the growing demand for food as a result of growing global population. According to The World Bank, world population in 2023 stood at approximately 8.02 billion and is expected to increase by 20.57% to 9.67 billion in 2050. Higher population growth rates in developing countries pressure the agricultural industry to produce sufficient food and fibre to feed and clothe the increasing world population.

In line with economic growth post COVID-19 pandemic, world urban population as a percentage of total population is expected to increase from 57.32% in 2023 to 67.97% in 2050[8] as individuals migrate from rural to urban areas to seek higher standards of living, which increases consumer spending power and thus drives the demand for food.

Consumption of CPO and other major edible oils and fats (Global), 2020 – 2023(e)



Comparative consumption of CPO and other major edible oils and fats (Global), 2023(e)



Notes:

- *Others comprise soybean oil, rapeseed oil, sunflower oil, cotton oil, corn oil, groundnut oil, olive oil, palm kernel oil, coconut oil, fish oil, sesame oil, castor oil, linseed oil, butter, lard and tallow and grease.*
- *(e) - estimate*

Source: SMITH ZANDER

[8] *Source: The World Bank*

Edible oils and fats are primarily utilised for food applications, and largely in the manufacturing of cooking and salad oils, margarines and spreads, food ingredients such as emulsifiers and shortenings, and substitutes for hard butter and cocoa butter.

The total global consumption of major edible oils and fats increased from 239.27 million MT in 2020 to 247.72 million MT in 2023 at a CAGR of 1.16%. Palm oil is the highest consumed edible oil, outstripping the consumption of other major edible oils and fats. In 2023, CPO accounted for 31.24% of total global consumption of major edible oils and fats. Palm kernel oil was the eighth most consumed edible oil globally in 2023, accounting for 3.25% of total global edible oils and fats consumption in 2023.

► **Wide range of applications of palm oil and its derivatives drives the demand for palm oil**

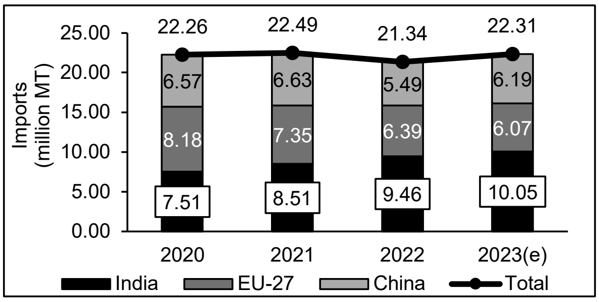
The versatility and fat content in palm oil which extends shelf life, shortens cooking time, and contributes to texture as well as flavor makes it a popular base ingredient that is utilised in a wide range of food and non-food applications. Palm oil can be used for a multitude of food applications, including the production of cooking oil, margarine, bakery shortening and confectionery fats; as well as non-food applications including the manufacturing of personal and hygiene care products such as soaps, cosmetics, sanitisers and detergents, which are produced using ingredients from oleochemical products derived from palm oil. These food and non-food products are commonly and widely used in consumers' daily lives.

Palm oil is also used in the production of polyols, which is used to make polyurethane, a plastic material with multiple applications in various industries such as building and construction, automotive, furniture and electrical and electronics.

► **Demand from India, EU-27 and China as three of the largest CPO import / consumer markets**

The demand for CPO from India, EU-27 and China, in terms of imports and consumption, are key factors in sustaining the oil palm industry. In 2023, India was the largest importer of CPO globally with a market share of 17.58% to global CPO imports, followed by China (10.83%) and EU-27 (10.62%). In the same year, after Indonesia, which was the largest consumer market for CPO with a market share of 25.48% to global CPO consumption, India was the second largest consumer market for CPO with a market share 12.06%, followed by EU-27 (7.75%) and China (7.69%).

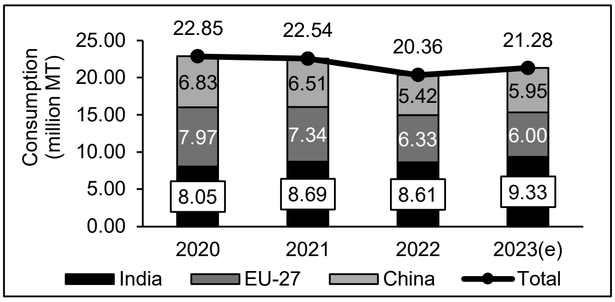
Imports of CPO (India, EU-27 and China), 2020 – 2023(e)



Note: (e) - estimate

Source: SMITH ZANDER

Consumption of CPO (India, EU-27 and China), 2020 – 2023(e)



Note: (e) - estimate

Source: SMITH ZANDER

From 2020 to 2022, total imports and total consumption of CPO in India, EU-27 and China decreased at a CAGR of 2.09% and 5.61% respectively. The overall decrease in CPO imports and consumption in these three markets was weighed down by the decrease in EU-27 and China, which was mainly due to lower CPO supply and the rise in CPO prices resulting from economic factors such as foreign labour shortages due to temporary closure of operations of oil palm plantations particularly in Malaysia following the outbreak of COVID-19, as well as geopolitical factors such as the Russia-Ukraine conflict that escalated in February 2022 which disrupted the supply of sunflower oil from Ukraine and subsequently drove the demand for CPO as a substitute by importers, as well as Indonesia's export ban on palm oil from 28 April 2022 to 23 May 2022.

From 2022 to 2023, total imports and total consumption of CPO in India, EU-27 and China increased YOY by 4.55% and 4.52%, respectively due to the recovery in imports following the upliftment of Indonesia's export ban on palm oil. Overall, from 2020 to 2023, total imports of CPO in India, EU-27 and China increased at a CAGR of 0.07% while total consumption of CPO in India, EU-27 and China decreased at a CAGR of 2.34%.

► **Strong government support to strengthen the oil palm industry**

In 2011, the Government of Indonesia introduced the Indonesian Sustainable Palm Oil ("**ISPO**") standard, which is based on Indonesian laws and regulations, to enhance the competitiveness and sustainability of the Indonesian palm oil industry. Palm oil producers that hold the ISPO certification are required to conform to ISPO principles with regards to licensing and plantation management, technical guidelines for the processing and cultivation of palm oil and environmental management, amongst others. The ISPO certification is mandatory for all Indonesian palm oil producers, from large scale producers to independent smallholders, to strengthen Indonesia's position in the global palm oil market as a palm oil producer and exporter.

In 2015, the Government of Indonesia established the Badan Pengelola Dana Perkebunan Kelapa Sawit ("**BPDPKS**") which is a fund management agency under the Ministry of Finance of Indonesia to manage funds allocated for the development of the Indonesian palm oil industry. The BPDPKS provides funding for replanting programs for smallholders through the Peremajaan Sawit Rakyat ("**PSR**") programme to improve palm oil productivity, provide biodiesel incentive to encourage the use of biodiesel by the public and research and development in the palm oil sector, amongst others. During the period of 2016 to August 2023, the BPDPKS had distributed a total replanting fund of IDR8.80 trillion (RM2.62 billion)[9].[10] In 2023, the BPDPKS had allocated IDR5.40 trillion (RM1.61 billion)[11] for the year to support the PSR programme which was expected to cover the replanting of 0.18 million Ha of oil palm trees.[10]

Key Industry Risks and Challenges

► **Dependent on weather conditions and other factors affecting crop productivity and yield**

Productivity levels may be influenced by various factors such as weather conditions, pest attacks and crop diseases, labour availability, efficient management of plantations by sourcing and utilising quality planting materials, ensuring sufficient land area for oil palm crops, maintaining plantations by weeding, pruning, soil fertilisation and harvesting during optimum seasons, age profile of the oil palm trees as well as utilising efficient production techniques in the process of oil extraction.

The annual yield of mature crops does not remain constant and varies annually arising from external factors such as soil fertility and climate as well as biological factors such as frond production, floral abortion, sex ratio, bunch survival and average bunch weight which, when affected, can possibly lead to tree stress, thus adversely impacting FFB yield. Tree stress is a biological production pattern where crops experience lower yield performance after a period of high yields. Crops that are in the latter stages of maturity are more likely to face prolonged biological stress after a period of bumper harvest.

► **Fluctuations in edible oils prices which may affect demand for palm oil**

As with any other commodity, global CPO prices have been seen to fluctuate during periods of economic growth and contractions. Global CPO prices have also been seen to be closely tied to the market price of crude oil, due to their use as feedstock in the production of biodiesel and hence, serving as a substitute for crude oil.

Other factors that have significant impact on the price movement of CPO include supply and demand forces, demand from food and oleochemicals industries, weather conditions and performance of other edible oils and fats. If both supply and demand are strong but market prices remain high, consumption levels are likely to be affected, thereby restraining the growth of the industry.

► **Product substitution with other edible oils and fats**

Edible oils and fats are typically versatile in terms of their purposes such as for cooking, baking and salad dressings. Most edible oils and fats can be used for similar purposes and thus, making them substitutable with one another. The substitutability of palm oil with other edible oils and fats, and vice versa, is mainly driven by global CPO prices as well as prices of other edible oils and fats. Global CPO prices and prices of other edible oils and fats correlate with factors such as weather conditions, labour availability, changes in government policies and geopolitical conflicts, which affect the supply and demand of palm oil and other edible oils and fats.

[9] *Exchange rate for IDR to RM for 2016 to August 2023 is converted based on the average annual exchange rate from 1 January 2016 to 31 August 2023, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0298.*
[10] *Source: Indonesia Palm Oil Association*
[11] *Exchange rate for IDR to RM for 2023 is converted based on the average annual exchange rate in 2023, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0299.*

Any changes to these factors may affect the substitutability of palm oil with other edible oils and fats and subsequently affect the growth of the oil palm industry.

► **Environmental concerns surrounding the oil palm industry**

Typically, vast areas of tropical rainforests are cleared out in order to make way for oil palm plantations. This has resulted in concerns in the rise of deforestation, biodiversity destruction and greenhouse gas emissions in countries such as Indonesia and Malaysia which are the two largest palm oil producers globally.

On 1 July 2021, through the Renewable Energy Directive II, the EU enforced a regulation on its member states in which palm oil-based biofuel is no longer considered as a renewable energy in its renewable energy targets in order to phase out the use of palm oil-based biofuel by 2030. In the long run, the EU's phasing out of use of palm oil-based biofuel may have adverse impact on the demand for palm oil from the EU.

Furthermore, on 29 June 2023, the EU began enforcing the Regulation on deforestation-free products ("**EUDR**"), which aims to avoid commodities comprising soy, beef, palm oil, wood, cocoa, coffee, rubber and some of their derivative products, such as leather, chocolate, tyres, or furniture, that are linked to deforestation or forest degradation from being placed on the EU market. As such, the EUDR mandates companies that place these commodities on the EU market to screen their suppliers through annual due diligence frameworks to attest that the products are not derived from recently deforested land or have not contributed to forest degradation. In addition, the EUDR also requires the due diligence to encompass details to verify that these suppliers are in compliance with laws pertaining to land use, labour and human rights as well as the rights of local indigenous communities of the suppliers' countries. In the event that the suppliers of these commodities are unable to meet the requirements as set out by the EUDR, the demand for these commodities in the EU may be negatively impacted, which includes the demand for palm oil and its derivatives.

There is no assurance that other countries will not adopt similar policies that phase out the use of palm oil-based biofuel as well as regulations similar to the EUDR due to environmental concerns, which may adversely impact the global demand for palm oil and thus affect the growth of the oil palm industry.

4 COMPETITIVE OVERVIEW

The oil palm industry in Indonesia is a vibrant and thriving industry owing to its strategic geographical location along the tropical belt of the equator. The oil palm industry in Indonesia, in particular the upstream segment of the oil palm industry, comprises many industry players which include private estates, smallholders and government estates, whereby private estates accounted for 55.08% of total oil palm planted area, followed by smallholders (41.17%) and government estates (3.75%).

The barriers to entry in the oil palm industry is high as it requires high initial capital to establish a sizable plantation estate and palm oil milling facilities, which includes acquisition of agricultural land, construction of palm oil mill(s), purchasing of machinery and storage facility(s), as well as operating expenses and working capital for on-going cultivation and milling activities.

Closest competitors to MKHOP Group

MKHOP Group owns two plantation estates with a total planted area of 17,008.80 Ha in East Kalimantan. The basis for selection of the closest competitors to MKHOP Group is as follows:

- public listed companies involved in the upstream segment of the oil palm industry in Indonesia, in particular the cultivation of oil palm and production of CPO and PK in Indonesia, including foreign listed companies based outside Indonesia but with oil palm plantations in Indonesia; and
- companies with total planted area between 10,000 Ha and 100,000 Ha in Indonesia.

Companies with total planted area which exceed 100,000 Ha are excluded as these companies are not deemed to be the closest competitors to MKHOP Group as their scale of operations are significantly larger. Further, some of these companies are vertically integrated companies with both upstream (i.e. cultivation of oil palm and production of CPO and PK/CPKO) and downstream (i.e. palm oil refineries and/or manufacturing) operations. Some examples of these companies with total planted areas exceeding 100,000 Ha are public listed companies such as PT Astra Agro Lestari Tbk (287,044 Ha) and PT Salim Ivomas Pratama Tbk (244,768 Ha) which are headquartered in Indonesia; Kuala Lumpur Kepong Berhad (287,181 Ha), Sime Darby Plantation Berhad (579,708 Ha), IOI Corporation Berhad (173,818 Ha) and Genting Plantations Berhad (159,477 Ha) which are headquartered in Malaysia and have oil palm plantations in Indonesia; as well as Wilmar International Limited (231,697 Ha), Golden Agri-Resources Ltd (537,697 Ha) and First Resources Limited (211,409 Ha) which are headquartered in Singapore and have oil palm plantations in Indonesia. The identified key industry players include major industry players in Indonesia that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.

Private companies are not included as key industry players as audited financial statements for private companies in Indonesia are not publicly available.

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Profiles of key industry players

Industry player	Country of incorporation	Stock exchange in which the industry player is listed	Location of plantations	Latest available financial year	Total planted area (Ha)[(a)]	Mature planted area (%)	Immature planted area (%)	FFB yield (MT/Ha)	CPO production volume (MT)	PK production volume (MT)	Oil extraction rate (OER) (%)	Kernel extraction rate (KER) (%)	Total revenue[(b)]	Total revenue (RM)	Gross profit margin (%)	Profit after tax margin (%)	Price-to-earnings (P/E) ratio[(c)]	Market capitalisation (RM)[(c)]
Anglo-Eastern Plantations Plc	United Kingdom	London Stock Exchange	Indonesia (Sumatra (North Sumatra, Bengkulu, Riau, Bangka Island), and Kalimantan (Central Kalimantan) and Malaysia	31 Dec 2022	68,084[(d)]	87.15[(d)]	12.85[(d)]	20.60[(d),(e)]	455,600	106,200	20.60	4.80	USD447.62 million[(d)]	1.97 billion[(d),(f)]	30.70[(d)]	21.37[(d)]	7.02	1.61 billion
PT Austindo Nusantara Jaya Tbk	Indonesia	Indonesia Stock Exchange	Indonesia (Kalimantan (West Kalimantan), Sumatra (North Sumatra, South Sumatra and Belitung Island) and Papua (Southwest Papua))	31 Dec 2022	49,409	85.48	14.52	19.40	275,769	55,011	20.10	4.40	USD269.17 million	1.18 billion[(f)]	20.01	7.86	53.27	729.00 million
PT Teladan Prima Agro Tbk	Indonesia	Indonesia Stock Exchange	Indonesia (Kalimantan (East Kalimantan))	31 Dec 2022	60,561	99.18	0.82	N/A[(g)]	300,504	49,903	22.40	3.70	IDR3.61 trillion	1.07 billion[(h)]	34.50	15.89	10.31	1.81 billion
R.E.A. Holdings plc	United Kingdom	London Stock Exchange	Indonesia (Kalimantan (East Kalimantan))	31 Dec 2022	35,968	98.59	1.41	21.60	218,275	46,799	22.30	4.80	USD208.78 million	918.74 million[(f)]	29.09	15.75	-[(i)]	187.60 million
Kencana Agri Limited	Singapore	Singapore Stock Exchange	Indonesia (Sumatra (Bangka Island), Kalimantan (East Kalimantan and South Kalimantan) and Sulawesi (Central Sulawesi and North Sulawesi))	31 Dec 2022	68,152[(j)]	94.38[(j)]	5.62[(j)]	N/A[(g),(j)]	163,251[(j)]	N/A[(g),(j)]	20.40[(j)]	N/A[(g),(j)]	USD152.54 million	671.25 million[(f)]	28.58	1.72	-[(i)]	80.91 million
NPC Resources Berhad	Malaysia	Bursa Malaysia	Indonesia (Kalimantan (East Kalimantan)) and Malaysia	31 Dec 2022	23,838	77.00	23.00	11.59	82,326	16,147	20.51	4.02	RM413.29 million	413.29 million	9.25	0.27	22.56	210.39 million
MKHOP Group	Malaysia	- (to be listed on Bursa Malaysia)	Indonesia (Kalimantan (East Kalimantan))	30 Sept 2021 / 30 Sept 2022 / 30 Sept 2023	17,174.54 / 17,008.80 / 17,008.80	100.00	-	26.70 / 23.30 / 24.10	89,438 / 74,942 / 89,017	17,963 / 16,245 / 16,886	19.40 / 18.50 / 20.60	3.90 / 4.00 / 3.90	RM306.61 million / RM315.82 million / RM337.98 million	306.61 million / 315.82 million / 337.98 million	45.80 / 41.10 / 27.20	25.30 / 19.00 / 9.20	20.30[(k)]	634.60 million
PT Jaya Agra Wattie Tbk	Indonesia	Indonesia Stock Exchange	Indonesia (Kalimantan (South Kalimantan))	31 Dec 2022	27,919	N/A[(g)]	N/A[(g)]	4.94	47,983	8,573	20.42	3.65	IDR971.54 billion	287.58 million[(h)]	2.81	-31.07	-[(i)]	608.00 million
Global Palm Resources Holdings Pte Ltd (formerly known as Global Palm Resources Holdings Limited)[(l)]	Singapore	Singapore Stock Exchange[(l)]	Indonesia (Kalimantan (West Kalimantan and East Kalimantan) and Sulawesi (Central Sulawesi))	31 Dec 2022	15,147	92.80	7.20	17.80	41,685	7,345	21.70	3.80	IDR606.51 billion	179.53 million[(h)]	38.44	12.81	N/A[(g)]	N/A[(g)]
PT Gozco Plantations Tbk	Indonesia	Indonesia Stock Exchange	Indonesia (Sumatra (South Sumatra) and Kalimantan (Central Kalimantan))	31 Dec 2022	12,917	98.32	1.68	14.94	48,841	9,517	23.16	4.51	IDR554.72 billion	164.20 million[(h)]	22.09	13.67	6.24	175.68 million
PT Andira Agro Tbk	Indonesia	Indonesia Stock Exchange	Indonesia (Sumatra (South Sumatra))	31 Dec 2022	N/A[(g)]	N/A[(g)]	N/A[(g)]	N/A[(g)]	21,524	5,759	N/A[(g)]	N/A[(g)]	IDR317.86 billion	94.09 million[(h)]	7.17	-3.39	-[(i)]	141.12 million

Notes:

- *Latest available as at 1 March 2024*

(a) May include planted area under the Plasma Programme. In Indonesia, the Government of Indonesia requires oil palm plantation companies to develop and manage new plantations under the Plasma Programme for local cooperatives which comprise local farmers. Under the Plasma Programme, oil palm plantation companies are required to provide certain area of plantation land for plantation development and management for the local cooperatives, as well as assist local cooperatives in the development and preparation of plantation land, supplying oil palm seedlings to local cooperatives as well as training and educating the farmers under the local cooperatives in oil palm cultivation and management. Oil palm plantation companies are obliged to purchase FFB harvested by local cooperatives under their Plasma Programme at prices determined by the Government of Indonesia which fluctuate in line with the prevailing CPO prices.

(b) May include revenue derived from other businesses that are not related to the cultivation of oil palm and production of CPO and PK in Indonesia.

(c) Extracted from Bloomberg as at 1 March 2024.

*(d) This information excludes the company's entire operations in South Sumatra which was classified as held for sale and discontinued operations in the consolidated statement of financial position for the financial year ended ("**FYE**") 31 December 2022.*

(e) Comprises FFB yield for plantations in Indonesia only. The FFB yield that includes the plantation in Malaysia is not available in the latest available annual report.

(f) Revenue from USD to RM for the FYE 31 December 2022 was converted based on the average annual exchange rate in 2022, extracted from published information from Bank Negara Malaysia at USD1.00 = RM4.4005.

(g) N/A – Not available.

(h) Revenue from IDR to RM for the FYE 31 December 2022 was converted based on the average annual exchange rate in 2022, extracted from published information from Bank Negara Malaysia at IDR100 = RM0.0296.

(i) This industry player recorded a negative earnings per share as at the date of extraction from Bloomberg.

(j) Includes 1,005 Ha of planted area which belongs to a subsidiary that has been disposed in February 2023.

(k) Based on MKHOP Group's earnings per share of approximately 3.05 sen for FYE 2023, calculated based on MKHOP Group's profit after tax of RM31.25 million for the FYE 2023 and enlarged share capital of 1,023,590,845 shares upon listing.

(l) This industry player has been delisted from the Singapore Stock Exchange on 4 July 2023.

Sources: MKHOP Group, various companies' annual reports and websites, Bloomberg, SMITH ZANDER

Market Share

The market share of MKHOP Group in the oil palm industry in Indonesia and East Kalimantan is represented by its share of total planted area and CPO production in Indonesia and East Kalimantan respectively. MKHOP Group captured a market share based on total planted area of 0.12% in Indonesia and 1.25% in East Kalimantan; and a market share based on CPO production of 0.18% in Indonesia and 2.24% in East Kalimantan.

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9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 Our business growth may be adversely affected if we fail to continuously improve our FFB yields which could result in stagnant or lower production of CPO and PK

FFB harvested from our plantation estates is the main input to our palm oil mill for the production of CPO and extraction of PK, which are then sold to our customers, thus generating revenue for our Group. Therefore, it is crucial to harvest sufficient FFB for the production of CPO and extraction of PK to generate revenue for our Group. FFB yields are generally dependent on the land profile of our plantation estates, age profile and quality of our oil palms, as well as adoption of efficient plantation practices to ensure high FFB yields including field upkeep and weed control, soil fertility and conservation, pest management, mechanisation, water management, harvesting and crop quality, as well as safety, health and environment. Further, FFB yields are also dependent on the availability of labour to carry out the daily operations in our plantation estates with further details set out in Section 9.2.3.

Our oil palm planted areas are generally flat to gently undulating with the whole of the plantation land below 50 metre AMSL which eases the operations of our plantation activities, and the majority of our oil palms (i.e. 94.9% as at LPD) are at prime mature stage which is ideal for high FFB yields. However, there can be no assurance that we will continue to achieve high FFB yields if we fail to continuously adopt or improve our plantation practices. Any failure in adopting our plantation practices by our workers, such as failure in maintaining soil fertility due to inefficient application of fertilisers as well as failure in combating pest due to inefficiency in applying chemicals (e.g. pesticides) and in the planting of biological plant for pest control, may result in low yield or poor quality of FFB. Further, failure in continuously improving our plantation practices through mechanisation along with technological advancement may also result in stagnant or lower yield of FFB. Additionally, as our oil palms will eventually enter the old age with lower FFB yields, we may face decreasing FFB yields if we are unable to implement replanting programmes on a timely manner and in the right phases, which can be caused by factors such as prolonged adverse weather conditions, shortage of suitable oil palm seedlings and fertiliser, as well as labour, at the time when our Group plans to commence replanting activities to replace old oil palms.

Any decrease in FFB yields will result in stagnant or lower production of CPO and PK, which may eventually negatively affect our financial performance and our future growth. Even if we purchase FFB from third party plantation estates for the production of CPO and PK in our palm oil mill in the event of low FFB yields in our plantation estates, we are required to incur additional costs for the purchase of FFB and there can be no assurance on the quality of FFB purchased. All of these may have a negative impact on our cost of sales and may consequently impact our financial performance.

9.1.2 Our financial performance is subject to our ability to continuously deliver CPO and PK based on industry guidelines

The quality of our CPO is mainly measured by the FFA content, of which they are mainly dependent on the quality of FFB and the duration of CPO storage prior to delivery. According to the Indonesian National Standard's quality guidelines published by the National Standardisation Agency of Indonesia, the content of FFA in CPO produced by palm oil mills in Indonesia should not be more than 5.0% at the point of loading for delivery to customers. Nevertheless, CPO with FFA content above 5.0% can still be sold to refineries for processing into non-edible oils and edible oils but the CPO must undergo additional treatment prior to further processing.

On the other hand, the quality of our PK is measured by the moisture and impurity levels as well as FFA content, of which they are dependent on, amongst others, weather conditions along with the transportation which may affect the moisture content, efficiency of our PK recovery process which involves the removal of dirt, stones and moisture content, as well as the quality of FFB and the duration of PK storage which may affect the FFA content. Based on the pre-agreed quality range with our customers, the FFA content of our PK should not be more than 5.0% and the moisture and impurity levels of our PK should not be more than 8.0% at the point of product receipt by our customers. PK with high moisture and impurity levels as well as FFA content can still be sold to customers for processing but the PK must undergo additional treatment prior to further processing.

Notwithstanding that we have quality control procedures in place to ensure the quality of FFB harvested in order to produce CPO with FFA content of below 5.0% to our customers, there is no guarantee that we will be able to continue to maintain the FFA content of our CPO. If we deliver CPO with FFA content above 5.0%, our customer can claim for a reduction in sales price based on a pre-agreed range. As for PK, if we deliver PK with impurity and moisture levels as well as FFA content that do not meet our customers' requirement, or if the delivered amount is lower than the pre-agreed amount due to adverse weather and bad road conditions that cause PK to fall off from the trucks during transportation, our customer can claim for a reduction in sales price based on a pre-agreed range.

During FYE 2020 to 2023, there were claims from our customers on sales of CPO and PK amounting to approximately RM0.1 million, RM0.2 million, RM1.7 million and RM1.4 million respectively, which accounted for approximately 0.1%, 0.1%, 0.5% and 0.4% of our Group's total revenue from plantation business segment respectively. Nevertheless, as the amount of claims was not substantial, it did not result in any material adverse impact to our Group's financial performance. Please refer to Section 12.2.2(e) for further details on the quality claims from our customers for FYE 2020 to 2023.

If we fail to continuously maintain the quality of our CPO and PK, our financial performance will be negatively impacted as a result of claims from our customers. It may also negatively impact our reputation in the industry as a reliable provider of quality CPO and PK, which may result in a potential loss of confidence and sales of our CPO and PK from our existing and potential customers, and may consequently negatively impact our business growth.

9.1.3 We are dependent on our Executive Directors and key senior management for continued success and growth of our business

The continued success and growth of our Group is, to a significant extent, dependent on the abilities, skills, experience, competency and continuous efforts of our Executive Directors and key senior management. The presence of our Executive Directors and key senior management is crucial to our business continuity as they play a pivotal role in our day-to-day operations as well as charting, formulating and implementing strategies to drive the future growth of our Group.

Any significant or sudden loss of the services of our Executive Directors and/or key senior management without suitable replacement in a timely manner may have an adverse and material impact on our Group's business operations, and may eventually affect our ability to maintain and/or improve our business performance. This may in turn adversely affect our financial performance.

9.1.4 Our business may be adversely affected if we are not able to renew or maintain the licences, approvals and permits required to operate our business

We require various licences, approvals and permits such as IUP for oil palm cultivation and plantation business licence for oil palm cultivation that is integrated with licence for production of CPO and extraction of PK to operate our business. We may be required to renew these approvals, licences, permits and certificates or to obtain new licences, approvals and permits following the changes of any related regulatory requirements in Indonesia. Please refer to Section 6.7 for the licences, approvals and permits required for our business operations.

Save for the respective B3 licences of PT MKH and PT SPS that are pending renewal due to change in the regulatory regime as disclosed in Section 6.7, we have not experienced any difficulty in renewing and maintaining our licences, approvals and permits. As at LPD, PT MKH and PT SPS have not received any notice of non-compliance from the relevant authorities in relation to their B3 licences.

We cannot assure that the relevant authorities will issue or renew any required licences, approvals and/or permits in a timely manner or at all in the future. Failure by us to renew, maintain or obtain the required licences, approvals and permits may lead to interruptions to our on-going operations, affect the implementation of any planned capacity expansion and/or affect the demand for our products, which may have a material adverse effect on our business, financial performance and prospects.

In addition to the licences, approvals and permits required for our business operations, as at LPD, we have obtained ISPO certification for the plantation estates managed by PT MKH and PT SPS as a testament to our sustainable plantation practices and ability to produce sustainable palm oil. With the aim to strengthen Indonesia's position in the global palm oil market as a palm oil producer and exporter, the Indonesian Government has implemented the requirement for ISPO certification for all Indonesian oil palm plantation businesses that hold the abovementioned plantation business licences. Please refer to Section 7.1.1 for further details on our ISPO certification. In the event that our Group fails to maintain our ISPO certifications, our Group may lose our customers which may have a material adverse effect on our business, financial performance and prospects.

9.1.5 Our business and financial performance may be adversely affected if we lose significant sales from our major customers

For FYE 2020 to 2022, sales contributed by our top 5 major customers accounted for 88.2%, 95.9% and 99.9% of our total revenue respectively. In FYE 2023, our Group only transacted with 4 customers and sales to these 4 customers made up to 100.0% of our total revenue. This indicates a concentration of our revenue amongst these customers, and a risk of dependency on them. There is no assurance that we will be able to continue retaining these customers, or that the volume of purchases from our major customers will not vary significantly in the future. In the event that there are significant reductions in purchases from our major customers or a complete loss of any of our major customers, our financial performance and results of our operations may be adversely affected.

Further, amongst our top 4 major customers, our Group has entered into sale and purchase agreements with PT Kutai Refinery Nusantara (part of Apical Group of Companies) for sale of CPO and PK, and PT Binasawit Abadipratama (part of Golden Agri-Resources Group of Companies) for sale of PK, as at LPD. Both Apical Group of Companies and Golden Agri-Resources Group of Companies contributed significantly to our total revenue with a collective contribution of 55.4%, 78.7%, 92.6% and 85.9% for FYE 2020 to 2023 respectively. Our financial performance and results of our operations will be adversely affected if the sale and purchase agreements with these customers are not renewed and these customers cease to purchase from us.

Notwithstanding that we can sell our products to other customers through the e-bidding tendering process in the event of termination of these sale and purchase agreements and/or reduction of purchases from our major customers, we may experience prolonged disruptions to our business and financial performance if we are unable to replace the loss of sales with alternative customers in a timely manner. Further, we may be subject to increased price fluctuations if all sales are carried out through the e-bidding tendering process as the sales are exercised at auction prices from tenders which are generally subject to higher discounts requested by customers to compensate for freight costs, as opposed to the fixed quantum of discounts pre-agreed in the sale and purchase agreements. Please refer to Section 7.10 for further details on our Group's major customers.

9.1.6 We are exposed to costs arising from compliance with environmental, health and safety requirements in oil palm industry, and may be exposed to liabilities if we fail to comply with these requirements

We are subject to various environmental, health and safety requirements in Indonesia, whereby we are required to comply with certain requirements such as proper storage of diesel and petrol, discharge of waste (i.e. POME and used engine oil) into the environment and installation of water meter at borehole outlets. In compliance with these requirements, we have obtained the B3 Waste Storage and Management-related Licenses for the storage of waste in the oil palm plantation. The potential maximum penalties which may be imposed for not possessing the B3 Waste Storage and Management-related Licences are imprisonment for a maximum of 3 years and a maximum fine of IDR3.0 billion (equivalent to approximately RM0.9 million). As at LPD, our Group does not historically have any non-compliances relating to environmental, health and safety requirements. For FYE 2020 to 2023, we incurred RM0.7 million, RM0.7 million, RM0.8 million and RM0.7 million respectively, representing approximately 0.3% to 0.4% of our Group's cost of sales for each of the FYE 2020 to 2023, to comply with the environmental, health and safety requirements, which are a negligible portion of our total costs.

Further, as these requirements may be changed from time to time and may become more stringent, we may be required to put in additional measures such as purchase and installation of new or additional pollution control equipment or to make necessary operational changes in order to comply with the requirements. Any additional measures in place may result in additional costs incurred and may consequently increase our operational cost.

In addition, any claims on our failure to comply with any present or future environmental, health and safety requirements could result in assessment of damages and imposition of fines; or if worsen, may result in suspension or cessation of our operations.

9.1.7 Our business and operations are exposed to sudden disruptions caused by serious pandemic and epidemic outbreaks

The COVID-19 pandemic and any other possible future outbreaks/pandemics may significantly and adversely affect our business operations and financial performance. In the event of a spread of viruses among our workers, our workers will be subjected to quarantines. This may delay our plantation and milling operations due to a shortage of workers and mandatory suspension of our business operations if there is a large-scale virus spread in our plantation estates. The quality of our FFB may also be impacted if there is insufficient inventory of fertilisers and chemicals for application and a significant delay in the supply of these items from our suppliers. Further, the COVID-19 pandemic or any other possible future outbreaks/ pandemics may also lead to disruptions to the logistics and transportation ecosystem in East Kalimantan, which may consequently lead to a delay in products delivery to our customers.

During the COVID-19 pandemic, we imposed strict control at the entry points of our plantation estates to prohibit unauthorised personnel from entering our plantation estates, and there has been no COVID-19 cases detected. Save for some delays in the supply of certain fertilisers and chemicals from our suppliers during the pandemic due to global supply chain disruptions as a result of lockdown measures imposed in many countries as well as some delays in product collection by our customers, we have not experienced any other interruptions to our business operations. Please refer to Section 7.8 for further details on the interruptions to our business operations pursuant to the COVID-19 pandemic.

However, there is no assurance that our Group will be able to maintain zero-cases in our plantation estates, and be able to ensure that our operations will not be affected if the COVID-19 situation escalates with the emergence of new COVID-19 variants. Further, we cannot assure that we will be able to manage the risks efficiently in the event of any such pandemic outbreaks and/or epidemic outbreaks in the future that may affect a significantly large but more localised population.

9.1.8 Our business and operations are exposed to unexpected interruptions or delays caused by machinery and/or equipment failures

We rely on a series of machinery and equipment such as sterilisers, threshers and oil press machines to produce CPO and extract PK as part of our palm oil milling process. These machinery and equipment may, on occasion, be out of service due to unanticipated failures caused by disruptions in the supply of electricity or water; or damages caused by fire to our palm oil mill, including fires that may spread to our palm oil mill from the neighbouring areas of our plantation estates, with further details set out in Section 9.2.2(c).

The occurrence of these unexpected events that are beyond our control may cause damage or destruction to all or part of our palm oil mill and machinery, which may result in maintenance and repair works required to our palm oil mill or the affected machinery. All of these may consequently result in interruptions to or prolonged suspension of our production activities. Any prolonged interruptions to our production activities will affect our ability in fulfilling our sales orders, thus causing delivery delays to our customers. This could adversely impact our relationships with customers, financial performance and reputation in the industry.

For FYE 2020 to 2023 and up to LPD, we have not experienced any incidents of unanticipated machinery and equipment failures which led to major interruptions in our operations. However, there can be no assurance that such incidences will not happen in the future. In the event that these incidences occur, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.

9.1.9 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities, such as property all risk, motor vehicle and automobile liability, fidelity guarantee and machinery breakdown. However, in the event of claims, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations as a result of any unforeseen circumstances. For example, while we are insured against losses resulting from the liabilities as mentioned above, we do not maintain insurance against losses at our oil palm plantations as a result of natural disasters (save and except for Standard Indonesian Earthquake insurance), wars and acts of terrorism as the premiums for these insurances are generally not commercially viable.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

For FYE 2020 to 2023 and up to LPD, there were insurance claims for property all risk, motor vehicle and automobile liability, fidelity guarantee, business interruptions due to flood, staff medical and loss of biological asset, which amounted to approximately RM0.91 million. During the same period, we have not experienced any incidences of material losses, damages or liabilities incurred by us due to insufficient insurance coverage.

9.1.10 We may not be able to successfully implement our business strategies

Our business strategies and future plans are as follows:

(a) to expand our oil palm plantation business through the expansion of plantation estates;

(b) to enhance our operational efficiency by acquiring new machinery and equipment to be used in FFB harvesting and palm oil milling;

(c) to expand our processing capabilities and product offerings by producing and selling CPKO;

(d) to refurbish our staff quarters to improve the living conditions of our workers and their family members; and

(e) to expand the coverage of electricity supply generated through the turbines at our palm oil mill to other regions of our plantation estates.

Please refer to Section 7.15 for further details of our business strategies and future plans.

The execution of these business strategies involves capital expenditures for amongst others, acquisition costs for plantation land banks, machinery and equipment; as well as other operating expenses such as depreciation charges, machinery and equipment maintenance costs, staff costs and other working capital requirements. Some of these additional expenditures will increase our Group's operational cost including our overhead costs, and may adversely affect our profit margin if we are unable to gain sufficient revenue by securing more sales from customers.

Furthermore, the implementation of these business strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate, regulatory guidelines and political environment in Indonesia; as well as availability of companies with suitable plantation land for acquisition and ability to achieve favourable acquisition terms, all of which may affect the commercial viability of our business strategies. We also cannot be assured that any required additional financing, in addition to the IPO proceeds raised, will be made available to us on terms that are satisfactory to us or at all. If adequate funding is not available when needed, or is available only on unfavourable terms, we may not be able to meet the capital needs, or may need to inject additional capital from internally generated funds for the implementation of our business strategies, which may consequently delay the target timeframe for our business strategies.

As such, there is no assurance that the execution of our business strategies will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the execution of these business strategies, which may materially affect the business operations and financial performance of our Group.

Further, we will also continue to be exposed to risks arising from operating on leased plantation land. As at LPD, both our plantation estates under PT MKH and PT SPS are granted by the National Land Office based on the HGU Certificate with the terms of 35 years and will be expiring in 2042 and 2045 respectively, with options to extend for a further period of 25 years, and subsequently be renewed a further period of 35 years upon fulfilment of conditions pursuant to the laws and regulations of the Republic of Indonesia. Likewise, when we establish a new plantation estate on the HGU, we are required to renew the term upon expiry to ensure continuity of our business operations. Failure to renew the terms of our existing plantation land and the plantation land to be acquired in the future may lead to major disruptions to our business and expose us to business continuity risk.

9.1.11 We may be adversely affected by fluctuations in prices of supplies purchased by our Group

Our Group's GP margin is also susceptible to fluctuations in the prices of some supplies, such as fertilisers, FFB from the Plasma Programme, CPO from neighbouring third-party palm oil mills, diesel and petrol as well as chemicals. The prices of these supplies are dependent on, amongst others, the prevailing global crude oil prices and CPO prices, and/or the demand and supply conditions of these supplies. Please refer to Sections 7.11 and 9.2.2 for further details on the price fluctuation of these supplies and the price volatility of CPO, respectively.

Any significant fluctuation in the prices of these supplies may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects should we fail to pass the increase in cost to our customers.

In FYE 2022, there was an increase in the price of fertilisers resulting from shortage of supply due to the Russia-Ukraine conflict; and an increase in the price of diesel for use in our generation sets and vehicles due to the increase in global crude oil prices arising from the increase in global demand for crude oil due to fears in the market on any disruptions in supply as a result of the Russia-Ukraine conflict and sanctions implemented by the United States against Russia, which subsequently led to a reduction in subsidies on diesel as announced by the Indonesian Government in September 2022. The increase in the prices of fertilisers and diesel led to an increase in our cost of sales of approximately RM8.6 million, which led to a decline in our GP in FYE 2022 despite being cushioned by higher revenue contributed by higher average selling prices of CPO and PK. Save for the aforementioned, there was no increase in the price of our other supplies which are subject to price fluctuations and impacted our financial performance for FYE 2020 to 2023.

Moving forward, our financial performance subsequent to FYE 2023 may be adversely affected by an increase in prices of our supplies including fertiliser and diesel as the impact arising from the Russia-Ukraine conflict and sanctions implemented by the United States against Russia may continue to persist, and such impact may not be mitigated by our revenue due to potential decline in our selling prices of CPO and PK as the domestic market obligation implemented by the Indonesian Government persists.

9.1.12 We are exposed to foreign exchange transaction risks

Our Group is an oil palm plantation group principally involved in the cultivation of oil palm and production and sale of CPO and PK in Indonesia. Our sales are all made to local customers in Indonesia whereby the sales are denominated in IDR. Further, during the FYE 2020 to 2023, we also purchased spare parts from overseas suppliers to support our business operations, which were denominated in RM and/or USD. However, the purchases of spare parts from overseas suppliers were minimal. Please refer to Section 12.13(a) for the breakdown of our sales and purchases in local and foreign currencies.

Additionally, our Group has USD-denominated outstanding borrowings of RM2.4 million as at 30 September 2023, and RM-denominated loans from related company of RM112.6 million as at 30 September 2023, with further details set out in Section 12.13(a). Our Group utilises IDR to repay the USD-denominated borrowings and RM-denominated loans from related company.

As at LPD, our Group does not hedge our exposure against fluctuations in foreign currency exchange rates as currency positions in IDR are considered to be long-term in nature. As such, we are subject to foreign exchange fluctuation risk for our USD-denominated borrowings and RM-denominated loans from related company. In particular, for FYE 2020, we recorded unrealised and realised loss on foreign exchange by RM13.9 million and RM3.4 million, respectively, in respect of our borrowings and loans denominated in USD and RM against IDR. Further, for FYE 2022, we recorded realised loss on foreign exchange by RM0.6 million. For FYE 2023, we recorded unrealised and realised loss on foreign exchange by RM0.5 million and RM0.1 million, respectively. Please refer to Section 12.13(a) for further details on our foreign exchange gains and losses for FYE 2020 to 2023.

Further, as our operations are based in Indonesia, save for sales to overseas countries and some purchases from overseas suppliers which are denominated in USD, all our business transactions are denominated in IDR. However, for the purposes of financial reporting in Malaysia, all financials will be converted to RM for disclosure in financial statement. As such, our financial statement reported in RM may not be reflective of our results of operations due to the fluctuations in foreign exchange rates, mainly between IDR and RM. This has given rise to foreign exchange translation reserve amount disclosed under 'other comprehensive income' as 'foreign exchange translation differences'.

9.1.13 We are exposed to credit risk and default payment by customers

For the sale of CPO and PK, our customers are required to place an upfront payment of 90.0% of the total contract value, with the remaining 10.0% to be fulfilled upon the issuance of necessary delivery documents such as bill of lading and manifest to our customers after the product delivery, whereby our Group typically receives the payment within our credit terms which range from 30 to 60 days. The dates in which our customers are required to fulfil the upfront payment are stipulated in the contracts. In the event of delay or default in payment by our customers, our operating cash flows or financial results of operations may be affected.

While we have not impaired for any credit loss or experienced any material delay or default in payment by our customers for FYE 2020 to 2023 and up to LPD, there can be no guarantee that our customers will be able to fulfil their payment obligations within our credit terms and that we will not encounter any collection problems in the future. In the event that there is any default or delay in the collection of payment, it will lead to impairment losses on trade receivables or bad debts which may impact our financial performance.

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9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Our financial performance is subject to the fluctuation in the market prices of CPO and PK

As with other commodities, the market prices of CPO and PK fluctuate along with international demand and supply conditions. The highest and lowest market prices for CPO and PK published by the Plantation Office of East Kalimantan for 2020, 2021, 2022, 2023 and up to LPD are as follows:

	CPO price (IDR/kg)		PK price (IDR/kg)	
Year	**High**	**Low**	**High**	**Low**
2020 (January to December)	9,148.0	6,657.4	5,013.6	3,131.4
2021 (January to December)	13,641.2	9,170.4	10,075.5	5,691.3
2022 (January to December)	15,490.1	8,584.4	12,605.4	4,216.1
2023 (January to December)	11,886.6	10,223.4	5,717.1	4,434.9
2024 (January to February)	11,310.8	10,978.7	5,290.4	5,032.8

Please refer to Section 12.2.2(a) for the average selling price of our CPO and PK for FYE 2020 to 2023.

Local and international market prices for CPO and PK are affected by a number of factors, including the following:

(a) the supply and demand levels for CPO, PK and other edible or non-edible fats and oils (such as soybean oil, rapeseed oil, sunflower oil, non-edible vegetable oils and non-edible animal fats);

(b) global production levels and physical stocks (i.e. the supply level) of CPO, PK and other edible or non-edible fats and oils, which tend to be affected principally by global weather conditions and the area of land under cultivation;

(c) global consumption levels (i.e. the demand level) of CPO, PK and other edible oils;

(d) the price of crude oil, which impacts the prices of biofuels and in turn impact the price of CPO and PK as palm oil can be used in the production of biofuels;

(e) developments in the Indonesian, regional and global economic and political situations which may affect the supply and demand conditions of CPO and PK in the global market;

(f) foreign exchange rates as any major fluctuations in the currencies in which CPO and PK are transacted may affect the favourability of CPO and PK exported from a particular country, thereby affecting demand;

(g) import and export duties and other taxes in major CPO import/ consumption/ production/ export countries which may affect the imports and/or exports of CPO and PK in the respective countries; and

(h) changes in government regulations such as implementation of any export bans and domestic regulations that may limit the export of CPO and PK.

The key underlying reason that affects the local and international market prices of CPO and PK is the supply and demand levels for CPO and PK. Any increase in demand for CPO and PK and/or shortage in supply of CPO and PK tends to result in an increase in the market price of CPO and PK, and vice versa.

In the second half of FYE 2022, our Group's financial performance was adversely affected by the decline in our average selling prices of CPO and PK, where the decline was in tandem with market prices of CPO and PK. The decline in market prices of CPO and PK from May 2022 was due to excessive stock of CPO in Indonesia accumulated during the export ban on CPO, RBD palm oil, RBD palm olein and used cooking oil implemented by the Indonesian Government from 28 April 2022 to 23 May 2022 which subsequently led to an increase in CPO export after the export ban was lifted. In FYE 2023, our Group's financial performance was affected due to the decrease in our average selling prices for CPO and PK. The decrease in our average selling prices for CPO in FYE 2023 was in tandem with the decrease in global CPO prices, which was attributed to lower demand for CPO from China as a result of reduced consumption of major vegetable oils caused by ongoing lockdowns in several big cities due to COVID-19, as well as lower demand for CPO from India and Europe resulting from higher imports of soybeans as a substitute. On the other hand, the decrease in our average selling prices for PK was also in tandem with the decrease in global PK prices, which generally move in tandem with CPO prices. Please refer to Section 12.2.2(b) for further details of our revenue performance in this respect.

Moving forward, a significant and prolonged reduction in the prices of CPO and palm oil-based products would have a material adverse effect on our results of operations, profitability and cash flows.

9.2.2 We are subject to various inherent risks in the oil palm industry

As we are involved in the cultivation of oil palm for the production and sale of CPO and PK, we are subject to risks inherent to the oil palm industry. These include, but are not limited, to:

(a) Adverse weather conditions

Overly dry or wet weather conditions can potentially induce tree-stress, leading to lower supplies of FFB. Insufficient rainfall causes oil palm trees to produce fewer flowers which develop into FFB and may delay fertilising schedules. In view of the potential onset of El Nino beginning June 2023 which may result in dry seasons in East Kalimantan, we do not expect major impact to our FFB yield, OER and KER as well as earning prospects as our integrated drainage system is equipped with stoppers to retain rainwater to help maintaining the moisture level of soil. Our plantation estates experienced dry seasons in FYE 2018, 2019 and 2020, whereby the average monthly rainfall was recorded at 179mm, 156mm and 140mm respectively. Nevertheless, our FFB yield, OER and KER during this period were not materially and adversely impacted. However, our FFB yield, OER and KER as well as earning prospects may face adverse impact in the event of any prolonged dry weather conditions where our retained rainwater is insufficient to maintain soil moisture.

On the other hand, heavy rainfall may cause the condition of the terrain on our plantation estates to be slippery or soft, thereby making it difficult for our workers to access our plantation estates and harvest our FFB. As our plantation estates generally experience high rainfall during monsoon seasons, our plantation estates may be subject to the risk of flooding if rainfalls during the monsoon seasons are beyond normal levels. Notwithstanding that we have an integrated drainage and irrigation system for water management in our plantation estates, there can be no assurance that we will not face flooding issues and our FFB yields will not be impacted by adverse weather conditions.

In FYE 2021, FYE 2022 and FYE 2023, we recorded a lower FFB yield mainly due to heavy rainfall from La Nina phenomenon, which resulted in lower CPO and PK produced for sale. The average monthly rainfall recorded in our plantation estates increased from 140mm in FYE 2020 to 198mm in FYE 2021, and to 240mm in FYE 2022. The average monthly rainfall recorded in our plantation estates reduced to 161mm in FYE 2023, which is relatively high as compared to FYE 2020.

(b) Outbreak of diseases or crop pests

Diseases and pests can cause losses in FFB yields, and in extreme cases, these attacks could destroy large areas of oil palm crops. Fungal diseases such as 'fusarium' and bacteria-related diseases such as 'endophytic bacteria' are examples of diseases that typically infect oil palm crops while pests that attack oil palm crops include rats, squirrels and 'rhinoceros beetles'.

For FYE 2020 to 2023 and up to LPD, there has not been any major outbreaks of diseases or crop pests that has led to negative impact to our crops.

(c) Fires

Fires can occur naturally during drought seasons, and the situation can be worsened if accompanied by strong wind which will spread the fire quickly. We generally do not experience extreme drought seasons as our plantation estates are situated along the equator. However, we are exposed to the risk of human and nature-caused fires, which may lead to significant damage to our oil palms. Further, as part of our oil palm planted areas are on peat soil (i.e. 49.0% as at LPD), there is a higher probability for these planted areas to catch fire as drained peatlands caused by drought and land clearance through logging and burning activities are relatively flammable during drought seasons. Smoke and haze caused by fires may also set back the ripening of oil palm fruit and disrupt our plantation activities, which may potentially reduce our FFB yields. In the event that the fire spreads to our palm oil mill, all or part of our palm oil mill may be damaged and our operations will be severely affected.

While we adopt a zero-burning policy in our plantation estates and include the usage of drones to determine any occurrence of fire at the surrounding areas of our plantation estates, there can be no assurance that no fire will be spread to our plantation estates and we are able to put out the fire on a timely manner to avoid any damage to our plantation estates and mill during the occurrence of fire in our plantation estates. In such circumstances, our business operations may be materially affected as set out in Section 9.1.7.

For FYE 2020 to 2023 and up to LPD, there has not been any occurrence of fire in our plantation estates that has led to material impact to our business operations.

All the external factors above may cause disruption to our plantation activities and/or reduction in our FFB yields, which may in turn adversely affect our production and sale of CPO and PK. Further, occurrence of fires involving our palm oil mill may cause damage to all or part of our palm oil mill, which may lead to disruptions in our palm oil milling activities, thereby impacting the production and sale of our CPO and PK. Any prolonged interruptions to our FFB yields as well as plantation and palm oil milling activities will affect our ability in fulfilling our sales orders, thus causing delivery delays to our customers. This could adversely impact our relationships with customers, our financial performance and reputation in the industry.

9.2.3 We are dependent on manual labour for our oil palm plantation activities

The oil palm industry is labour intensive. Oil palm plantations require extensive manpower in the nurturing of seedlings, tree planting, application of fertilisers, harvesting as well as other routine maintenance work to ensure optimal FFB yield. It is crucial to have sufficient manpower in nurturing seedlings and planting to ensure infilling activities can be carried out as and when required to replace unhealthy oil palms. Further, it is also crucial to have sufficient manpower to apply fertilisers regularly, harvest FFB upon reaching its peak ripeness as well as carry out routine maintenance work. Timely and efficient undertaking of these activities are crucial in achieving optimal FFB yield. Notwithstanding that our Group has introduced and incorporated a series of mechanisation process such as the usage of powered wheelbarrow, farm ATV, UTV and monitoring facilities as part of our plantation practices, these equipment and facilities require human assistance to operate. Additionally, our Group also requires skilled labour workforce in our plantation activities to ensure maximised output, such as ability to identify FFB that are at peak ripeness for harvesting.

A shortage of labour supply, including skilled labour, will cause interruption to our plantation activities, including delays in nurturing seedlings and planting for infilling activities, irregular application of fertilisers and/or harvesting overripen FFB due to delays in harvesting activities. All of these are expected to negatively impact our FFB yield, which could consequently reduce our CPO and PK productions.

9.2.4 We face competition from other industry players in the oil palm industry as well as competition from other edible oils and fats as substitute products to palm oil

The oil palm industry in Indonesia includes a large number of industry players involving in the cultivation of oil palm and production of CPO and PK. To maintain and improve our competitive edge over our competitors, we are required to continuously improve our cost and production efficiencies as well as our product quality. In the event that we fail to remain competitive in the market, we may face decreasing demand for our products and our financial performance may be adversely affected.

We also face competition from other edible oils and fats, such as soybean oil, rapeseed oil, sunflower oil, PK oil and peanut oil. These edible oils and fats can be used for similar purposes as palm oil, such as for cooking, baking, or salad dressings. Consumers are able to choose from a wide range of edible oils and fats due to easy access to more variety of consumer products. Any increasing shift of oil consumption from palm oil to other edible oils and fats may lead to a decrease in the demand for palm oil, thereby could have a material adverse impact on our business and financial performance. Further, some edible oils such as palm oil, soybean oil and rapeseed oil can also be used in the production of biofuels. Any significant decrease in the prices of these edible oils as compared to palm oil could lead to increasing usage of these oils in biofuel production, thereby reducing the demand for palm oil.

9.2.5 Our industry is subject to negative perceptions arising from environmental concerns and labour rights issues surrounding the oil palm industry

Demand for CPO and other palm oil-based products has, in the past, and may, in the future, be affected by campaign and online articles published by environmental groups, such as Rainforest Rescue, Greenpeace International and the World Wide Fund for Nature (formerly known as the World Wildlife Fund). These environmental groups have raised concerns that oil palm plantations result in the destruction of large areas of tropical forests and wildlife habitats and have campaigned to promote sustainable oil palm cultivation and environmentally friendly practices in oil palm plantations, as well as ways to reduce purchasing products that contain palm oil.

In addition to environmental concerns, there are also concerns surrounding labour rights issues in the oil palm industry. Several labour rights groups such as International Labour Organization, Transnational Palm Oil Labour Solidarity and Verité and Liberty Shared have raised concerns related to labour abuses such as exposure to hazardous chemicals, payments below minimum-wage, suppression of independent unions and child labour, amongst others. These general negative perception on labour rights towards the oil palm industry may negatively impact the overall demand for palm oil, thereby affecting the sales of palm oil produced by our Group.

Should concerns over the environment and labour right issues surrounding the oil palm industry elevate and lead to a decrease in demand for CPO and other palm oil-based products, our business, financial condition and results of operations may be materially and adversely affected.

9.2.6 We are exposed to risks relating to the legal, regulatory, economic and political environments in Malaysia and Indonesia

Our Company was incorporated in Malaysia while our operations, through our subsidiaries, are based in East Kalimantan, Indonesia. Having a holding company incorporated in Malaysia requires us to comply with local corporate laws and regulations; and operating in Indonesia requires us to comply with local laws and regulations covering many aspects of our operations including company laws, industrial laws, plantation laws, trade laws (import and export), investment laws, laws relating to manpower (including occupational health and safety requirements), laws relating to foreign exchange controls and offshore loans, security laws, agrarian laws, laws protecting intellectual property rights, laws relating to price controls and government subsidies, environmental laws, forestry laws, anti-corruption and anti-money laundering laws, taxation and customs laws and antitrust laws. In addition, the presence of our holding company in Malaysia and our business operations in Indonesia exposes us to risks relating to economic and political environments in both Malaysia and Indonesia.

Among these risks include unfavourable changes in laws and regulations, government policies, political conditions, economic conditions, inflation rates, expropriations, interest rates, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls in Malaysia and Indonesia. In particular, our subsidiaries namely PT MKH and PT SPS were not able to renew their B3 licences due to the change in regulatory regime. As at LPD, PT MKH and PT SPS have not received any notice of non-compliance from the relevant authorities in relation to their B3 licences. Further, there was no mandatory timeframe imposed by the relevant authorities for PT MKH and PT SPS to comply with the new licensing regime. Please refer section 6.7 for further details on the B3 licences. Notwithstanding that our Group has not been imposed with any administrative sanctions, penalties or fines pertaining to our major licences, permits and approvals, any unfavourable changes in applicable laws and regulations in the future could adversely impact our business operations as we may not be able to renew such licences, permits or approvals with the authorities, particularly if the authorities choose to impose new terms or conditions which we may be unable to fulfil in future. If we are unable to adhere to or successfully implement processes in response to changing regulatory requirements, our business operations may be adversely affected. We cannot predict with certainty the outcome or the impact that pending or future legislative and regulatory changes may have on our business in the future.

All of these legal, regulatory, economic and/or political changes as well as the occurrence of force majeure events, such as terrorism acts, war, riots, epidemics (such as COVID-19 pandemic) and natural disasters whether globally or in Malaysia or Indonesia, are beyond our control, and may have a material adverse effect on our business, prospects and financial performance and condition.

We understand that all operating companies in Indonesia are directly owned by foreign entities or individuals which consequently are subject to investment law and all its implementing regulations including but not limited to regulation on limitation/restriction of foreign ownership and a minimum capital of foreign investment company, which may be changed from time to time. In most cases, to protect the interest of the foreign investors, the provisions under newly enacted regulations limit its application to new foreign investment companies while those already in the system are exempt from those provisions and may continue their operation and do not need to comply with the new regulations (the so called 'grandfather rule'). Notwithstanding the above, the government can issue new regulations that may apply to all foreign investment company including the existing ones.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the Main Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the Main Market.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occurs:

(a) The selected investors fail to subscribe for their portion of our IPO Shares;

(b) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and

(c) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply, whereby in addition to our liability, our officers shall be jointly and severally liable to repay such money with interest at the rate of 10.0% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial performance. These factors may include variations in our financial performance, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters together with Metro Kajang (Oversea) and MKH Plantation will collectively hold approximately 63.1% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will be able to control the business direction and management of our Group and as such there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders. The interests of our Promoters may differ from the interests of our other shareholders and they may be able to exercise significant influence over the vote of our Shares. Our Promoters could also have significant influence in determining the outcome of any corporate transactions or other matters submitted to our shareholders for approval. This includes the election of Directors, dividend policy, approval of business ventures and having voting control over our Group. As such, our Promoters will have significant influence on the outcome of any ordinary resolution (which requires a simple majority of 50.0% plus 1 voting share) to be tabled at general meeting, unless they are required to abstain from voting by law and/or as required by the relevant authorities (i.e. Bursa Securities).

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisition of PT MKH and Acquisition of PT SPS as set out in Sections 6.2.2 and 6.2.3, respectively and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2020 to 2023 and up to LPD:

No.	Related party/ Transacting company in MKHOP Group	Interested person/ Nature of relationship	Nature of transaction	Transaction value: FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	[(1)] 1 October 2023 up to LPD RM'000	[(1)] 1 October 2023 up to LPD %
(a)	Metro Kajang (Oversea)/ MKHOP	MKH and Metro Kajang (Oversea)/ • MKHOP and Metro Kajang (Oversea) are both subsidiaries of MKH • Metro Kajang (Oversea) is a shareholder of MKHOP with 30.7% equity interest after our Listing	Interest expenses charged by Metro Kajang (Oversea) to MKHOP arising from the advances made by Metro Kajang (Oversea) to MKHOP[(17)]	126	[(2)] 1.0	130	[(2)] 1.7	365	[(2)] 6.3	470	[(2)] 9.7	124	N/A
(b)	Metro Kajang (Oversea)/ PT MKH	MKH/ PT MKH and Metro Kajang (Oversea) are both subsidiaries of MKH	Interest expenses charged by Metro Kajang (Oversea) to PT MKH arising from the loan made by Metro Kajang (Oversea) to PT MKH[(7)]	5,278	[(2)] 41.9	4,538	[(2)] 57.7	4,232	[(2)] 72.5	4,140	[(2)] 85.7	1,050	N/A
(c)	MKH Plantation/ PT SPS	MKH/ PT SPS and MKH Plantation are both subsidiaries of MKH	Loan made by MKH Plantation to PT SPS, which was used for the development of PT SPS's oil palm plantation located in East Kalimantan[(8)]	5,350	[(3)] 1.6	2,432	[(3)] 0.9	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

No.	Related party/ Transacting company in MKHOP Group	Interested person/ Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	[(1)]1 October 2023 up to LPD RM'000	[(1)]1 October 2023 up to LPD %
(d)	Laju Jaya Sdn Bhd ("**Laju Jaya**")/ MKHOP	Laju Jaya/ MKHOP and Laju Jaya are both subsidiaries of MKH	Laju Jaya is the landlord and MKHOP is the tenant of MKHOP's headquarters located at G-02 & G-03, Ground Floor, Wisma MKH together with the parking lot[(14)]	-	-	-	-	[(15)]125	[(4)]0.3	[(15)]303	[(4)]0.8	[(15)]128	N/A
(e)	MKH Resources/ MKHOP	MKH/ MKHOP and MKH Resources are both subsidiaries of MKH	Management fees charged by MKH Resources to MKHOP[(9)]	24	[(4)]0.1	24	[(4)]0.1	-	-	-	-	-	-
(f)	MKH Building Materials/ MKHOP	MKH Building Materials/ MKHOP and MKH Building Materials are both subsidiaries of MKH	Sales of building materials by MKH Building Materials to MKHOP[(10)]	1,372	[(5)]0.8	50	[(5)]<0.1	-	-	-	-	-	-
(g)	MKH Resources/ PT MKH	MKH/ PT MKH and MKH Resources are both subsidiaries of MKH	Provision of management services by MKH Resources to PT MKH[(9)]	8,449	[(4)]24.8	8,320	[(4)]22.4	-	-	-	-	-	-
(h)	MKH Resources/ PT SPS	MKH/ PT SPS and MKH Resources are both subsidiaries of MKH	Provision of management services by MKH Resources to PT SPS[(9)]	280	[(4)]0.8	181	[(4)]0.5	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

No.	Related party/ Transacting company in MKHOP Group	Interested person/ Nature of relationship	Nature of transaction	Transaction value: FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	[(1)]1 October 2023 up to LPD RM'000	[(1)]1 October 2023 up to LPD %
(i)	PT Agro Raya Malindo ("**PT ARM**")/ PT MKH	Ong Khek Gee/ • Ong Khek Gee is the President Director of PT ARM and a Commissioner of PT SPS • PT MKH and PT SPS are subsidiaries of MKHOP	• Advances made by PT MKH to PT ARM which was used for sourcing of new land bank for oil palm cultivation[(11)]	347	[(6)]0.1	-	-	-	-	-	-	-	-
			• Repayment from PT ARM to PT MKH in respect of the above advances[(11)]	-	-	663	[(6)]0.1	-	-	-	-	-	-
(j)	MKH Resources/ MKHOP	MKH/ MKHOP and MKH Resources are subsidiaries of MKH	Management fees charged by MKH Resources to MKHOP[(16)]	-	-	-	-	6,372	[(4)]16.2	4,127	[(4)]10.7	-	-
(k)	Metro Kajang (Oversea)/ MKHOP	MKH and Metro Kajang (Oversea)/ • MKHOP and Metro Kajang (Oversea) are both subsidiaries of MKH • Metro Kajang (Oversea) is a shareholder of MKHOP with 30.7% equity interest after our Listing	Disposal of the entire equity interest in Restu Mesra by MKHOP ("**Disposal of Restu Mesra**")[(12)] (This is a one-off transaction pursuant to our internal reorganisation for our Listing)	-	-	-	-	-	-	50	[(6)]<0.1	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

No.	Related party/ Transacting company in MKHOP Group	Interested person/ Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	[1]1 October 2023 up to LPD RM'000	[1]1 October 2023 up to LPD %
(l)	Metro Kajang (Oversea)/ MKHOP	MKH and Metro Kajang (Oversea)/ • MKHOP and Metro Kajang (Oversea) are both subsidiaries of MKH • Metro Kajang (Oversea) is a shareholder of MKHOP with 30.7% equity interest after our Listing	Disposal of 99.92% equity interest in PT NMJ by MKHOP ("**Disposal of PT NMJ**"). The remaining 0.08% equity in PT NMJ is held by Restu Mesra[13] (This is a one-off transaction pursuant to our internal reorganisation for our Listing)	-	-	-	-	-	-	2,854	[6]0.6	-	-

Notes:

[1] The percentage of the related party transaction is not calculated as the financial statements up to LPD is not prepared.

[2] Calculated based on our Group's finance costs for each of the respective years.

[3] Calculated based on our Group's total liabilities for each of the respective years.

[4] Calculated based on our Group's administrative expenses for each of the respective years.

[5] Calculated based on our Group's cost of sales for each of the respective years.

[6] Calculated based on our Group's total assets for each of the respective years.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(7) The loan in the amount of USD40.0 million (then equivalent to RM119.5 million) was originally advanced by SJL Utama Pte Ltd (then holding company of PT MKH) in 2008. In 2009, the loan was novated to our Company and subsequently to Metro Kajang (Oversea) in 2010. The loan was used as working capital for the development of PT MKH's oil palm plantation together with the palm oil mill located in Puancepak dan Sedulang Village, Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan.

(8) The loan received by PT SPS from MKH Plantation (then holding company of PT SPS) was used for the development of PT SPS' oil palm plantation. No interest was charged by MKH Plantation as PT SPS was not generating profit at initial stage given the longer gestation period of the oil palm plantation business, which generally will start generating profit when the trees have reached the optimum age of 6 to 7 years onwards. As part of the Capitalisation, our Company has capitalised RM25.5 million, being part of the amount owing by our Company to MKH Plantation into new MKHOP Shares (after PT SPS Debt Novation). The remaining RM30.0 million will be settled through the proceeds to be raised from our Public Issue as disclosed in Section 4.9.1(g). Please refer to Section 6.2.4 for further details on the Capitalisation.

(9) This transaction will be recurrent based on automatic renewal so long as neither party wishes to terminate the agreement. The agreement has been terminated on 30 June 2021.

(10) The sales of building material by MKH Building Materials to our Company were undertaken in view of our building materials trading business being newly set up, and we were unable to procure building materials at favourable credit terms. MKH Building Materials, being more established, procured the building materials and sold them to our Company at cost to facilitate such procurement for us.

(11) The advances made by PT MKH to PT ARM was used to source new land bank for oil palm cultivation. No interest was charged in consideration of an option granted by the shareholders of PT ARM to PT MKH to acquire their shares in PT ARM. The advances were fully repaid by PT ARM to PT MKH in October 2023.

(12) Our Company had on 9 January 2023 entered into a share sale agreement with Metro Kajang (Oversea) for a disposal consideration of RM0.05 million, being our Company's original cost of investment, in respect of the Disposal of Restu Mesra. The Disposal of Restu Mesra was completed on 16 January 2023 and Restu Mesra has ceased to be a subsidiary of our Company.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(13) Our Company had on 9 January 2023 entered into a share sale agreement with Metro Kajang (Oversea) for a disposal consideration of RM2.85 million, which was arrived based on "willing-buyer willing-seller" basis after taking into consideration of the revalued NA of PT NMJ of RM2.85 million as at 30 November 2022, in respect of the Disposal of PT NMJ. The Disposal of PT NMJ was completed on 19 January 2023 and PT NMJ has ceased to be a subsidiary of our Company.

(14) The salient terms of the tenancy agreement dated 21 September 2023 between Laju Jaya and MKHOP is set out below:

(a) The tenancy is for a term of 12 months, commencing from 1 October 2023 and expiring on 30 September 2024.

(b) The tenant shall not assign the tenancy or sublet or part with the possession or the occupation or the use of the demised premises or any part thereof unless prior written consent is obtained from the landlord. The breach of the prohibition by the tenant shall entitle the landlord (without prejudice to the landlord's other legal rights) to forceably re-enter the demised premises and physically evict the tenant and/or other persons and/or their goods using force as is necessary without any liability as to damages or otherwise and all losses, costs and expenses in connection therewith shall be borne and paid for by the tenant.

(c) The tenant or the landlord may during the term of the tenancy determine it by giving the other party three (3) calendar months' written notice. In the event the tenant fails to give the requisite notice, the landlord has the right to forfeit the rental deposit.

(d) Upon the written request of the tenant to the landlord made not less than three (3) months prior to the expiry of the first term, the Landlord shall grant to the tenant a further term of twelve (12) months ("**Second Term**") at a rental to be based on the prevailing market rate but otherwise containing the like covenants and provision as in the tenancy agreement.

(e) Upon the written request of the tenant to the landlord made not less than three (3) months prior to the expiry of the Second Term, the landlord shall grant to the tenant a further term of twelve (12) months at a rental to be based on the prevailing market rate but otherwise containing the like covenants and provision as in the tenancy agreement.

The transaction value set out in the table above includes the rental for the parking lot located outside the business premise by way of monthly subscription as set out in Note 15 below.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(15) Including the following rental amount:

(a) business premise of RM123,731 (with rent free period of 3 months due to renovation) and parking lot of RM1,749 for FYE 2022 (i.e. February 2022 to September 2022);

(b) business premise of RM296,954 and parking lot of RM6,519 from October 2022 to September 2023; and

(c) business premise of RM123,731 and parking lot of RM3,975 from October 2023 to February 2024.

(16) The management services agreements provide that MKH Resources shall (i) provide internal audit, human resources and administration, IT and other general advice in relation to corporate communication to MKHOP; and (ii) provide general management / administration services and other general advice in relation to the business of MKHOP, including but not limited to finance, treasury legal and accounting. This transaction was terminated on 31 March 2023. The management fees charged by MKH Resources to our Group is based on similar rates charged to its other subsidiaries of MKH.

(17) The interest expenses charged were based on prevailing market rate arising from the advances made by Metro Kajang (Oversea) to MKHOP.

Other than items (c), (f) and (i) in the table above, all the above related party transactions were carried out on arm's length basis, as the prices, rates or charges of these transactions are determined based on competitive commercial terms not more favourable to the related parties than those generally available to third parties which were not detrimental to our non-interested shareholders. The loans as set out in items (c) and (i) are not on arm's length as they do not carry interest, while the sales of building materials as set out in item (f) were transacted at cost. Moving forward, we do not expect such transactions to recur.

There were no transactions between our Group with the Directors and substantial shareholders of MKH and/or persons connected with them for FYE 2020 to 2023 other than payment of remuneration and benefits-in-kind to the common Directors of MKH and our Group in relation to their services rendered to our Group.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

The Board of Directors of MKH confirms that MKH Group, including our Group had adhered to the Listing Requirements in relation to related party transactions, including making the necessary announcements to Bursa Securities or obtaining its shareholders' approval, where necessary. Further, the interested persons had abstained from deliberation of the Board of Directors of the respective companies and voting on the resolutions pertaining to the respective transactions (where applicable).

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or

(ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) The rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from deliberating and voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from deliberating and voting in respect of his direct and/or indirect shareholdings. The relevant Directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

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10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2020 to 2023 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/or balances

Save as disclosed below, there are no outstanding loans and/or balances made by our Group to/for the benefit of any related parties or granted by any related parties to/for the benefit of our Group, whose balances remain outstanding as at 30 September 2023 and LPD:

(i) Amount owing by our Group to related parties

Transacting company in our Group	Related party/ Nature of relationship	Purpose of the loan and/or financial assistance	Outstanding balance As at 30 September 2023	Outstanding balance As at LPD
			RM'000	RM'000
MKHOP	Metro Kajang (Oversea)/ Metro Kajang (Oversea) is a shareholder of our Company with 43.3% equity interest after our Listing	Advances made by Metro Kajang (Oversea) to our Company, which was used for our working capital(3)	(4)8,637	-
PT MKH	Metro Kajang (Oversea)/ Metro Kajang (Oversea) is a shareholder of our Company with 43.3% equity interest after our Listing	Loan made by Metro Kajang (Oversea) to PT MKH, which was used for the development of PT MKH's oil palm plantation together with the palm oil mill located in East Kalimantan(1)(3)	(5)56,922	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Transacting company in our Group	Related party/ Nature of relationship	Purpose of the loan and/or financial assistance	Outstanding balance As at 30 September 2023	Outstanding balance As at LPD
			RM'000	RM'000
PT SPS	MKH Plantation/ MKH Plantation is a shareholder of our Company with 3.7% equity interest after our Listing	Loan made by MKH Plantation to PT SPS, which was used for the development of PT SPS' oil palm plantation located in East Kalimantan(2)(3)	55,669	-
MKHOP	MKH Plantation/ MKH Plantation is a shareholder of our Company with 3.7% equity interest after our Listing	Loan made by MKH Plantation to PT SPS has been novated to MKHOP. The loan was used for the development of PT SPS' oil palm plantation located in East Kalimantan	-	30,000

Notes:

(1) The loan in the amount of RM119.4 million was originally advanced by SJL Utama Pte Ltd (then holding company of PT MKH) in 2008. In 2009, the loan was novated to our Company and subsequently to Metro Kajang (Oversea) in 2010.

(2) The loan in the amount of RM55.5 million was advanced progressively by MKH Plantation since 2016.

(3) Pursuant to the Capitalisation, RM89.0 million owing by our Company to Metro Kajang (Oversea) and MKH Plantation, have been capitalised into new MKHOP Shares and RM30.0 million will be settled through the proceeds to be raised from our Public Issue.

(4) Comprising RM8.4 million and RM0.2 million, being the advances made by Metro Kajang (Oversea) to our Company and the interest payable respectively.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(5) Net amount owing by our Company to Metro Kajang (Oversea) includes the following:

	RM'000
Amount owing to Metro Kajang (Oversea)	
Loan made by Metro Kajang (Oversea) to PT MKH	59,711
Interest payable	2,805
Foreign exchange translation differences	66
	62,582
Amount owing by Metro Kajang (Oversea)	
Deduction of value added tax paid on behalf of Metro Kajang (Oversea)	(5,660)
	56,922

The advances and loans provided above (save for loan by MKH Plantation which are non-interest bearing) are on arm's length basis and the provision of such advances and loans will not recur after our Listing.

Save as disclosed above, for FYE 2020 to 2023 and up to LPD, there are no other advances and/or loans made from the benefit of our Promoters, substantial shareholders and Directors.

(ii) Amount owing by related parties to our Group

There were no outstanding amount owing by related parties to our Group for FYE 2020 to 2023 and up to LPD.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(b) Guarantees

MKHOP has provided a letter of guarantee and indemnity dated 18 August 2023 for the following facilities extended by OCBC Al-Amin Bank Berhad to PT MKH:

Financial institution	Type of facility	Facility limit	Amount outstanding as at LPD
		USD'000	USD'000
OCBC Al-Amin Bank Berhad	Foreign Currency Revolving Credit Facility-i (FCRC-i)	5,000	-
	Foreign Currency Term Financing Facility-i 3 (FC Term-i 3)	9,500	-

10.2.3 Financial assistance provided for the benefit of a related party

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

10.2.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is our Adviser, Joint Placement Agent, Managing Underwriter and Joint Underwriter for our Listing:

(a) Agreement dated 26 April 2022 between MKHOP and M&A Securities for the appointment of M&A Securities as Adviser and Joint Placement Agent for our Listing; and

(b) Underwriting Agreement dated 21 February 2024 entered into between our Company and our Joint Underwriters for the underwriting of 51,209,800 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

11.1.1 Interest in similar business of our Group

Save as disclosed below, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are carrying on a similar trade as our Group as at LPD:

(a) Tan Hoe Hing, our Independent Non-Executive Director, jointly owns 3 pieces of oil palm lands (approximately 4 to 5 acres) in Teluk Intan, Perak with his brother. The FFB are sold to a local collector who supplies to mills. He does not have any business transaction with our Group; and

(b) Yeo Kiat Seng, our Non-Independent Non-Executive Director, jointly owns a piece of oil palm land (approximately 35 acres) in Kuala Krai, Kelantan with his brother. The FFB are sold to local collector(s) who supplies to the mills. He does not have business transaction with our Group.

Our Board is of the view that ownerships of the abovementioned Directors in the abovementioned plantation land(s) does not give rise to a conflict of interest situation as (i) the abovementioned Directors do not have business transactions with our Group; and (ii) the abovementioned Directors are not actively involved in the day-to-day running of the business of the abovementioned plantation land(s); and (iii) the scale of the plantation lands owned by the abovementioned Directors amounting to an aggregate of 40 acres is relatively small when compared to the size of our Group's plantation estates have a total land area of 18,205.3 Ha (approximately 44,986 acres). Each of the abovementioned plantation lands have their own separate management teams and are operated and managed independently on a day-to-day basis by their respective management teams.

The business activities of the abovementioned plantation land(s) also do not compete with our Group taking into consideration the size, scale and/or nature of the oil palm cultivation and trading activities of the plantation land(s) as compared to the size, scale and/or nature of the activities of oil palm cultivation and production and sale of CPO and PK of our Group. Further, the abovementioned plantation land(s) are located in Malaysia and their business activities are carried out locally, i.e. harvested and sold to local collectors who supply to mills, as opposed to our Group's business model which encompasses the cultivation of oil palm, harvesting of FFB, and production of CPO and PK, with our principal markets being in Indonesia and our principal products being mainly sold to customers in Indonesia.

Further, there were no transactions between the abovementioned plantation land(s) and our Group during FYE 2020 to 2023 and up to LPD.

Taking into consideration the above and the abovementioned Directors' non-executive role in the abovementioned plantation land(s) as well as our Group, our Board is of the opinion that involvement of the abovementioned Directors in the abovementioned plantation land(s) does not give rise to any conflict of interest situation and will not affect their contribution to our Group or negatively impact their abilities to act as an Independent Non-Executive Director or Non-Independent Non-Executive Director of our Group.

11.1.2 Interest in the business of our customers and suppliers

As at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are customers and/or suppliers of our Group.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating Committee will then:

(a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;

(b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

    (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

    (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.1.3 Business independence

The principal business of our Group is in the upstream oil palm plantation industry. On the other hand, the businesses of MKH and the other companies within its group (excluding our Group) ("**Pro forma MKH Group**") comprises:

(a) property development and construction;
(b) hotel and property investment;
(c) manufacturing of furniture; and
(d) trading of building materials and other household related products.

Upon completion of our Listing, the Pro forma MKH Group will not be carrying on a similar trade as our Group or will be our customers or suppliers. The businesses of Pro forma MKH Group and our Group would be able to operate independently from each other.

Premised on the foregoing, the diversified businesses of the Pro forma MKH Group do not give rise to intra-group competition or conflict-of-interest situations with our Group, as the Pro forma MKH Group is not involved in the oil palm plantation business nor does it have customers or suppliers who are in the oil palm plantation business.

11.1.4 Operational independence

The operations of our Group are carried out independently from the Pro forma MKH Group based on the following:

(a) Dato' Lee Khee Meng, our Executive Director, is responsible for overseeing and managing our Group's overall plantation operations. He is supported by the other key senior management who have extensive knowledge and experience in our Group's business and play a significant role in the day-to-day operations as well as the implementation of our Group's business strategies.

(b) we have our own IT, human resource and administration functions, which were set up in April 2023, headed by Chen Wei Chyong, our Executive Director, where she is supported by 42 personnel with respective functional expertise as at LPD. Our Group had on 31 March 2023 terminated the management services agreement entered into with MKH Resources for the provision of internal audit, human resources and administration and IT to our Group. Please refer to Section 10.1 for further details on the said management services agreement;

(c) we have our own finance and accounting team headed by Tan Soo Hoon, our Group Financial Controller, where she is supported by 41 personnel with finance and accounting expertise as at LPD;

(d) we are not dependent on the sales and purchases to/from the Pro forma MKH Group as we have our own customer/supplier base. As at LPD, there is no common customer and supplier between our Group and the Pro forma MKH Group; and

(e) we have set up an internal audit function in October 2023 to plan and execute the annual audit plans as well as to provide assurance that our business and operations are carried out in accordance with our Group's relevant policies and procedures as set out in Section 6.12.

Premised on the above, there is no overlap in terms of operations, including purchases and sales of goods, management, management policies and finance, and our Group is able to continue to operate our business independently of the Pro forma MKH Group after our Listing.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Managing Underwriter, Joint Underwriter and Joint Placement Agent for our Listing;

(b) Kenanga IB and/or its related and associated companies ("**KIBB Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. KIBB Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of KIBB Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of KIBB Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of MKHOP and/or its subsidiaries.

As at LPD, KIBB Group has extended loan facilities with a combined limit of RM61.0 million to the Promoters. Kenanga IB is of the opinion that the loan facilities do not give rise to a conflict of interest situation in its capacity as the Joint Underwriter and Joint Placement Agent for our Listing due to the following reasons:

(i) the loan facilities were provided by KIBB Group in its ordinary course of business, and the said loan facilities are not material when compared to the audited NA of KIBB Group as at 31 December 2022 of approximately RM1.02 billion;

(ii) KIBB Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. Kenanga IB is a licensed investment bank and its appointment as the Joint Underwriter and Joint Placement Agent for our Listing is in the ordinary course of business; and

(iii) each of the entities and departments of KIBB Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entities within KIBB Group has separate and distinct operations and decisions are monitored and reviewed by independent parties and committees. In addition, the conduct of Kenanga IB is strictly regulated by the Financial Services Act 2013 and the CMSA.

Kenanga IB has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Joint Underwriter and Joint Placement Agent for our Listing;

11. CONFLICT OF INTEREST *(Cont'd)*

(c) AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, "**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of the AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of MKHOP Group.

As at LPD, the AmBank Group has extended loan facilities with a combined limit of RM22.6 million to the Promoters. AmInvestment Bank is of the opinion that the loan facilities do not give rise to a conflict of interest situation in its capacity as the Joint Placement Agent for our Listing due to the following reasons:

(i) the loan facilities were provided by AmBank Group in its ordinary course of business, and the said loan facilities are not material when compared to the audited NA of AmBank Group as at 31 March 2023 of approximately RM18.1 billion;

(ii) AmBank Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as the Joint Placement Agent for our Listing is in the ordinary course of business;

(iii) the loan facilities and repayment of the aforementioned credit facilities was not determined in contemplation of and not conditional upon AmInvestment Bank being appointed as the Joint Placement Agent for our Listing; and

(iv) each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is regulated by BNM.

AmInvestment Bank has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Joint Placement Agent for our Listing;

(d) Cheang & Ariff has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing in respect of Malaysian law;

(e) Ali Budiardjo, Nugroho, Reksodiputro has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing in respect of Indonesian law;

11. CONFLICT OF INTEREST *(Cont'd)*

(f) Deloitte PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing;

(g) Smith Zander has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing; and

(h) C H Williams Talhar & Wong (Sabah) Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Independent Valuer for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our Company was incorporated on 10 August 2004 as an investment holding company, and we entered into the conditional share sale agreements pursuant to the Acquisition of PT MKH and Acquisition of PT SPS on 29 March 2023 and completed on 20 December 2023. PT MKH and PT SPS have been under the common control of our Promoters throughout FYE 2020 to 2023 and are regarded as continuing entities. As such, the historical financial information of our Group for FYE 2020 to 2023 is presented based on the audited combined financial statements of our Group. Our historical financial information for FYE 2020 to 2023 has been prepared in accordance with MFRS and IFRS.

12.1.1 Combined statements of comprehensive income

The following table sets out a summary of our combined statements of comprehensive income for FYE 2020 to 2023, which have been extracted from the Accountants' Report as set out in Section 13. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13, respectively.

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	282,324	306,611	315,817	337,981
Cost of sales	(182,791)	(166,237)	(185,948)	(246,005)
GP	**99,533**	**140,374**	**129,869**	**91,976**
Other income	9,355	18,082	6,490	7,948
Administrative expenses	(34,042)	(37,175)	(39,243)	(38,736)
Sales and marketing expenses	(11,871)	(9,263)	(10,844)	(12,244)
Other expenses	(22,764)	(2,122)	(6,948)	(2,813)
Profit from operations	**40,211**	**109,896**	**79,324**	**46,131**
Finance costs	(12,605)	(7,869)	(5,840)	(4,832)
PBT	**27,606**	**102,027**	**73,484**	**41,299**
Tax expense	(8,916)	(24,575)	(13,346)	(10,045)
PAT	**18,690**	**77,452**	**60,138**	**31,254**
Other comprehensive income for the year				
Items that will not be reclassified to profit or loss subsequently:				
Remeasurement gains/(losses) on defined benefit plans	(145)	3,189	1,357	(272)
Income tax relating to components of other comprehensive (losses)/income	394	(958)	(512)	61
Revaluation surplus of building	2,838	-	-	-
Income tax relating to surplus arising from revaluation of buildings	(448)	-	-	-
Item that may be reclassified to profit or loss subsequently:				
Foreign currency translation differences	(5,231)	6,914	8,594	1,956
Total comprehensive income for the financial year	**16,098**	**86,597**	**69,577**	**32,999**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
PAT for the financial year attributable to:				
Owner of the parent	17,797	72,217	55,547	30,413
Non-controlling interests[(1)]	893	5,235	4,591	841
	18,690	**77,452**	**60,138**	**31,254**
Total comprehensive income for the financial year attributable to:				
Owner of the parent	15,126	81,024	64,547	32,125
Non-controlling interests[(1)]	972	5,573	5,030	874
	16,098	**86,597**	**69,577**	**32,999**
EBIT[(2)]	39,668	109,220	78,669	45,299
EBITDA[(2)]	69,996	140,292	109,666	78,932
GP margin (%)[(3)]	35.3	45.8	41.1	27.2
PBT margin (%)[(4)]	9.8	33.3	23.3	12.2
PAT margin (%)[(4)]	6.6	25.3	19.0	9.2
Effective tax rate (%)[(5)]	32.3	24.1	18.2	24.3
Basic EPS (sen)[(6)]	2.3	9.6	7.5	3.9
Diluted EPS (sen)[(7)]	1.8	7.6	5.9	3.1

Notes:

(1) The non-controlling interests comprise (i) 25.0% of the equity interests in PT SPS, and (ii) 5.7% of the equity interests in PT MKH, which are computed based on the existing group structure of MKHOP as the acquisition of 100.0% equity interests in PT SPS and 5.7% equity interests in PT MKH will be completed subsequently to FYE 2023.

(2) EBIT and EBITDA are computed as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
PAT	18,690	77,452	60,138	31,254
Less:				
Interest income	(543)	(676)	(655)	(832)
Add:				
Finance costs	12,605	7,869	5,840	4,832
Tax expense	8,916	24,575	13,346	10,045
EBIT	**39,668**	**109,220**	**78,669**	**45,299**
Add:				
Depreciation and amortisation	30,328	31,072	30,997	33,633
EBITDA	**69,996**	**140,292**	**109,666**	**78,932**

(3) GP margin is computed based on GP over revenue.

(4) PBT and PAT margin is computed based on PBT and PAT divided by revenue, respectively.

(5) Effective tax rate is computed based on tax expenses divided by PBT.

(6) Basic EPS is computed based on PAT divided by share capital of 803,590,845 Shares after Pre-IPO Reorganisation and before our IPO.

(7) The diluted EPS is computed based on the PAT divided by enlarged share capital of 1,023,590,845 Shares in issue after our IPO.

12.1.2 Combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 30 September 2020, 2021, 2022 and 2023, which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13, respectively.

	Audited			
	As at 30 September			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
ASSETS				
Non-current assets				
Property, plant and equipment	325,380	320,711	317,111	312,099
Prepaid lease payments	20,878	20,342	19,933	19,024
Goodwill on consolidation	4,901	5,147	5,340	6,077
Receivables, deposits and prepayments(1)	1,999	2,187	1,391	1,823
Investment in former subsidiaries	*	*	50	-
Total non-current assets	**353,158**	**348,387**	**343,825**	**339,023**
Current assets				
Inventories	30,062	44,975	67,714	40,817
Biological assets(2)	4,233	6,177	5,917	6,231
Receivables, deposits and prepayment	36,173	22,898	15,395	22,853
Current tax assets	6,353	-	3,910	8,837
Cash and bank balances	36,250	57,465	42,014	73,896
Total current assets	**113,071**	**131,515**	**134,950**	**152,634**
TOTAL ASSETS	**466,229**	**479,902**	**478,775**	**491,657**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	112,595	112,595	112,595	82,595
Reserves	9,514	90,538	155,085	217,210
Equity attributable to the owner of the parent	122,109	203,133	267,680	299,805
Non-controlling interests	2,667	8,239	13,269	14,144
Total equity	**124,776**	**211,372**	**280,949**	**313,949**
Non-current liabilities				
Provisions(3)	16,655	15,211	15,706	18,784
Payables and accruals	62,457	59,517	31,327	3,422
Loan and borrowings	54,451	22,269	2,317	-
Deferred tax liabilities	7,235	9,726	5,802	3,486
Hire purchase liabilities	-	-	-	457
Total non-current liabilities	**140,798**	**106,723**	**55,152**	**26,149**
Current liabilities				
Payables and accruals	123,777	98,936	142,664	149,080
Loan and borrowings	76,769	46,499	-	2,360
Hire purchase liabilities	-	-	-	119
Current tax liabilities	109	16,372	10	-
Total current liabilities	**200,655**	**161,807**	**142,674**	**151,559**
Total liabilities	**341,453**	**268,530**	**197,826**	**177,708**
TOTAL EQUITY AND LIABILITIES	**466,229**	**479,902**	**478,775**	**491,657**

Notes:

* Representing less than RM1,000.

(1) The breakdown of receivables, deposits and prepayments classified as non-current assets are as follows:

	Audited			
	As at 30 September			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Other receivable[(a)]	1,035	1,087	12	11
Prepayment[(b)]	964	1,100	1,379	1,812
	1,999	**2,187**	**1,391**	**1,823**

(a) Other receivable represents amounts due from the Plasma Farmers from Indonesia arising from the costs of development of the plantations for small landholders. In accordance with the Indonesian Government policy, our subsidiaries, PT MKH and PT SPS, assume the responsibilities for developing plantations for Plasma Farmers in addition to their own plantation. The said subsidiaries are also required to provide training and supervise the Plasma Farmers and purchase the FFB from the Plasma Farmers at the prices determined by the Indonesian Government. The amounts are unsecured, interest-free, have no fixed term in repayment and are to be settled not within one year. The amounts owing will be repaid progressively via offset partially against the purchase of FFB from the Plasma Farmers.

(b) Comprise prepayment for seedlings cultivation in the nursery located in the plantation estates for about 9 to 12 months before they are ready to be transplanted to our plantation estates or sold to small local planters under the Plasma Programme. It will be charged to the profit or loss when plantation estates allocate the seedlings to the fields.

(2) The biological assets of our Group comprise FFB prior to harvest. Management has considered FFB less than 15 days before harvesting in calculating fair value. FFB more than 15 days before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value measurement of the biological assets is valued using the present value of net cash flows expected to be generated from the sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell.

(3) Provisions comprise post-employment benefit obligations. Our Indonesia subsidiaries operate unfunded defined benefit schemes, as required under the Labour Law of the Republic of Indonesia. The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method.

12.1.3 Combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for FYE 2020 to 2023, which have been extracted from the Accountants' Report as set out in Section 13. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13, respectively.

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flow from operating activities				
PBT	27,606	102,027	73,484	41,299
Adjustments for:				
Depreciation of property, plant and equipment	29,605	30,345	30,440	32,725
Interest expenses on:				
- loans and borrowings	7,201	3,201	1,243	200
- hire purchase liabilities	-	-	-	21
- amount due to a related company	5,404	4,668	4,597	4,611
Impairment loss on investment in subsidiary	1,222	-	3,191	-
Gain on disposal of subsidiary	-	-	-	(2,854)
Provision for post-employment benefit obligations	3,711	2,064	3,163	4,416
Property, plant and equipment written off	306	234	580	60
Changes in fair values of biological assets	913	(1,637)	577	(288)
Amortisation of prepaid lease payments	723	727	557	908
Inventories written off	4	1	1	-
Unrealised loss/(gain) on foreign exchange - net	13,879	(7,785)	(4,491)	535
Interest income	(543)	(676)	(655)	(832)
Bad debts written off	251	94	-	-
Operating profit before changes in working capital	**90,282**	**133,263**	**112,687**	**80,801**
(Increase)/decrease in inventories	(7,944)	(14,913)	(22,740)	26,896
(Decrease)/increase in receivables, deposits and prepayments	(3,740)	13,254	5,501	(11,059)
Increase/(decrease) in payables and accruals	12,293	(23,844)	16,906	(22,207)
Cash generated from operations	90,891	107,760	112,354	74,431
Interests received	543	676	655	832
Interests paid	(12,773)	(7,902)	(5,840)	(4,832)
Tax paid	(5,894)	(9,347)	(39,547)	(17,258)
Tax refunded	5,222	8,712	-	-
Retirement benefit obligation paid	(746)	(1,515)	(1,979)	(1,833)
Net cash from operating activities	**77,243**	**98,384**	**65,643**	**51,340**
Cash flow used in investing activities				
Acquisition of property, plant and equipment	(9,239)	(10,048)	(16,112)	(27,844)
Repayment from/(advance to) a subsidiary	44	(264)	2,800	3,169
Acquisition of a subsidiary	-	-	*	-
Subscription of shares in subsidiaries	-	-	(3,241)	-
Proceed from disposal of subsidiaries	-	-	-	2,904
Net cash used in investing activities	**(9,195)**	**(10,312)**	**(16,553)**	**(21,771)**
Cash flow used in financing activities				
Repayment of term loans	(82,273)	(58,602)	(36,526)	-
Drawdown of term loans	28,354	14,359	2,259	-
Repayment of revolving credits	(13,402)	(21,523)	(32,784)	-
Payment of hire-purchase liabilities	-	-	-	(89)
Advances from/(repayment to) related companies	2,436	(1,907)	1,115	-

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits and bank balances released/(pledged) as securities	(313)	2,405	10,260	-
Drawdown of revolving credits	6,261	-	-	-
Net cash used in financing activities	**(58,937)**	**(65,268)**	**(55,676)**	**(89)**
Net increase/(decrease) in cash and cash equivalents	**9,111**	**22,804**	**(6,586)**	**29,480**
Effect of exchange rate changes on the balance of cash held in foreign currencies	(4,012)	815	1,395	2,402
Cash and cash equivalents at beginning of financial year	**18,487**	**23,586**	**47,205**	**42,014**
Cash and cash equivalents at end of financial year[(1)]	**23,586**	**47,205**	**42,014**	**73,896**

Notes:

* Representing less than RM1,000.

(1) Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	36,250	57,465	42,014	73,896
Less: Deposits pledged for credit facilities	(12,664)	(10,260)	-	-
	23,586	**47,205**	**42,014**	**73,896**

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial statements for FYE 2020 to 2023 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

We are an upstream oil palm plantation group and our operations are based in East Kalimantan, Indonesia. Through our subsidiaries, we are principally involved in:

(i) cultivation of oil palm; and

(ii) production and sale of CPO and PK.

As at LPD, our Group owns 2 oil palm plantation estates, 1 palm oil mill and 1 jetty located in East Kalimantan, Indonesia. The harvested FFB in our plantation estates are sent to our palm oil mill for the production of CPO and extraction of PK for onward sales to our customers.

For further details, please refer to Section 7.2 for our Group's detailed business overview.

During FYE 2020 and FYE 2021, our Group was carrying out the business of building materials trading in Malaysia together with another subsidiary under MKH, namely MKH Building Materials Sdn Bhd. Subsequently, in FYE 2021, our Group ceased carrying out the building materials trading business since 1 January 2021 for the preparation of our Listing.

Since the cessation of trading of building materials business of our Group effective from 1 January 2021, our Group has been solely focusing on the cultivation of oil palms and production of CPO and PK in Indonesia.

(b) Revenue

Our revenue comprises the sale of CPO and PK under the plantation segment and the trading of building materials.

Revenue from the sale of CPO and PK and the trading of building materials is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Our Group entered into contracts with customers to supply goods. Revenue is recognised upon delivery and issuance of invoices to customers.

Revenue is recognised at a point in time when control of the goods underlying the performance obligation is transferred to the buyers. No allocation of the transaction price is required to performance obligation as each contract consists of one performance obligation only.

(c) Cost of sales

Our Group's cost of sales comprises 4 components, i.e. cultivation costs, harvesting costs, mill and production costs and costs for trading.

(i) Cultivation costs

Cultivation costs comprise mainly manuring, depreciation, labour-related costs and repair and maintenance.

(ii) Harvesting costs

Harvesting costs comprise mainly labour-related costs and transportation costs.

(iii) Mill and production costs

Mill and production costs comprise mainly raw materials costs, movements in inventories, depreciation, labour-related costs and repair and maintenance costs.

(iv) Costs for trading

Costs for trading represent the cost of goods sold for CPO and PK trading and building materials trading.

(d) Other income

Other income comprises mainly unrealised and realised gain on foreign exchange, the income from the sale of FFB during maintenance of our palm oil mill, sale of sludge oil, and the gain on changes in the fair value of biological assets.

(e) Administrative expenses

Administrative expenses comprise mainly staff costs, management fees, CSR expenses, depreciation for property, plant and equipment, professional fees, medical expenses and employees' benefit obligations.

(f) Sales and marketing expenses

Sales and marketing expenses comprise mainly transportation costs and jetty costs.

(g) Other expenses

Other expenses comprise mainly unrealised and realised loss on foreign exchange, value-added tax expenses, the loss on changes in the fair value of biological assets and amortisation of prepaid lease payments.

(h) Finance costs

Finance costs comprise interests on term loans, revolving credits and the amount due to a related company.

(i) Recent developments

Save as disclosed below, there were no other significant events subsequent to our audited combined financial statements for FYE 2023:

(i) the Share Split as detailed in Section 6.2.1 was completed on 29 November 2023;

(ii) the Acquisition of PT MKH as detailed in Section 6.2.2 was completed on 20 December 2023;

(iii) the Acquisition of PT SPS as detailed in Section 6.2.3 was completed on 20 December 2023;

(iv) the acquisition of 1 ordinary share in Hala Maju by MKHOP was completed on 29 December 2023. Thereafter, on 17 January 2024, MKHOP has transferred 1 ordinary share it owns in both PT MKH and PT SPS to Hala Maju to facilitate the Acquisition of PT MKH and Acquisition of PT SPS; and

(v) the Capitalisation as detailed in Section 6.2.4 was completed on 11 January 2024.

(j) Exceptional and extraordinary items

There were no exceptional or extraordinary items for FYE 2020 to 2023. In addition, our audited combined financial statements for FYE 2020 to 2023 were not subject to any audit qualifications.

12.2.2 Review of our results of operations

(a) Revenue

Analysis of revenue by business segment

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Plantation								
CPO	225,584	79.9	263,571	85.9	275,612	87.3	310,013	91.7
PK	24,870	8.8	30,887	10.1	40,205	12.7	27,968	8.3
	250,454	88.7	294,458	96.0	315,817	100.0	337,981	100.0
Trading[1]	31,870	11.3	12,153	4.0	-	-	-	-
	282,324	**100.0**	**306,611**	**100.0**	**315,817**	**100.0**	**337,981**	**100.0**

Note:

[1] Relates to trading of building materials in Malaysia which was carried out by our Group. Subsequently, our Group had ceased carrying out the building materials trading business from 1 January 2021 for the preparation of our Listing.

Analysis of revenue by geographical location[1]

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Indonesia	250,454	88.7	294,458	96.0	315,817	100.0	337,981	100.0
Malaysia[2]	31,870	11.3	12,153	4.0	-	-	-	-
	282,324	**100.0**	**306,611**	**100.0**	**315,817**	**100.0**	**337,981**	**100.0**

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) The classification of our revenue by geographical market is based on the locations of our customers.

(2) All revenue from Malaysia derived solely from the trading of buildings materials segment.

Our revenue from the sale of CPO and PK is a direct result of the selling prices and volume of CPO and PK. The selling price of our CPO is determined based on market prices, which are primarily influenced by supply and demand, environmental factors, as well as the prices of substitutes such as other edible oils and crude petroleum oil. Our sales volume is directly determined based on the output of CPO and PK from our mill and CPO purchased. This output is measured by the CPO or PK produced from the processing of FFB produced from our mature plantation area together with FFB purchased. The aforementioned measurements are set out in the following table:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Selling prices				
Average CPO selling price (RM/MT)[7]	2,227	2,945	3,847	3,348
Average PK selling price (RM/MT)[7]	1,141	1,681	2,627	1,589
Volume produced				
Mature plantation area (Ha)	16,507	16,507	[5]17,009	17,009
FFB produced (MT)[1]	477,157	[2]441,016	[2]382,752	410,230
- FFB yield per Ha (MT/Ha)	29.3	26.7	23.2	24.1
FFB processed (MT)	482,889	459,940	404,901	433,011
FFB purchased (MT)	20,599	20,175	22,210	23,051
Cost of FFB purchased (RM'000)	8,976	11,819	17,947	15,656
Average FFB purchased costs per MT (RM)	436	586	808	679
CPO produced (MT)	100,010	89,438	74,942	89,017
- OER (%)	20.7	[3]19.5	[3]18.5	20.6
PK produced (MT)	20,331	17,963	16,245	16,886
- KER (%)	4.2	[4]3.9	[4]4.0	[4]3.9
Volume sold				
Sales of CPO (MT)				
- Own production[8]	99,803	86,797	71,636	92,463
- Trading of CPO[6]	1,503	2,709	-	144
Sales of PK (MT)[8]	21,800	18,378	15,305	17,603

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) FFB produced will be sent to the mill for production and selling of FFB during maintenance of our palm oil mill.

(2) Lower FFB processed in FYE 2021 and FYE 2022 was due to lower FFB harvested from our plantation estates as a result of heavy rainfall from La Nina phenomenon in FYE 2021 and FYE 2022.

(3) Lower OER in FYE 2021 and FYE 2022 were due to higher moisture content in FFB harvested as a result of heavy rainfall from La Nina phenomenon in FYE 2021 and FYE 2022.

(4) Lower KER in FYE 2021, FYE 2022 and FYE 2023 was due to the shrinking of fruitlet size as a result of heavy rainfall from La Nina phenomenon during FYE 2021.

(5) Our mature plantation area increased to 17,009 Ha for FYE 2022, mainly attributable to the reclassification of immature area to mature plantation area of 589.0 Ha after net off transfer of mature plantation land earmarked for transfer in the form of HGU to Sawit Seguntung Jaya Plantation Cooperative, Puan Cepak Village during FYE 2022. The transfer of the plantation land area was part of the Plasma Programme whereby our Group is obligated to, amongst others, provide the plantation facilities and assist in the management of the plantation land.

(6) We purchase CPO with FFA content of above or close to 5.0% from neighbouring palm oil mills to mix with our CPO in order to achieve CPO with higher FFA content but still below 5.0% for sale to customers. This enables us to increase the production of our CPO at a lower cost as CPO with higher FFA content is generally purchased at a discounted rate from our neighbouring palm oil mills, thereby increasing our sales and profitability at a cost-effective manner. There was no trading of CPO for FYE 2022, mainly attributable to no CPO purchased for FYE 2022, primarily due to lesser discounts offered by the external party was not feasible for purchase to yield a better margin. In addition, we did not purchase CPO from neighbouring palm oil mills for mixing with our CPO for FYE 2022 due to the relatively high FFA content (at an average of approximately 6.5%) in the CPO offered for sale to our Group by our neighbouring palm oil mills.

(7) The increasing demand for CPO and PK and the low supply of CPO and PK lead to increasing prices for CPO and PK. Generally, the movement of PK prices is correlative with the CPO prices.

(8) The volume sold for CPO and PK from own production includes the total volume produced during the year plus the unsold CPO and PK brought forward from the previous year, less the unsold CPO and PK volume carried forward at year-end. CPO and PK comprised solely CPO and PK produced by our palm oil mill.

Comparison between FYE 2020 and FYE 2021

Our revenue improved by RM24.3 million or 8.6% to RM306.6 million for FYE 2021 (FYE 2020: RM282.3 million), primarily contributed by revenue growth from the sale of CPO, which contributed RM263.6 million or 85.9% of our total revenue for FYE 2021 (FYE 2020: RM225.6 million or 79.9%).

Plantation

Our revenue from the plantation segment grew by RM44.0 million or 17.6% to RM294.5 million for FYE 2021 (FYE 2020: RM250.5 million) comprising CPO sales which grew by RM38.0 million or 16.8% and PK sales which grew by RM6.0 million or 24.1%, both of which were mainly attributable to the increase in our average selling prices for CPO and PK.

Our average selling prices for CPO and PK grew by RM718 per MT or 32.2% to RM2,945 per MT for FYE 2021 (FYE 2020: RM2,227 per MT) and RM540 per MT or 47.3% to RM1,681 per MT for FYE 2021 (FYE 2020: RM1,141 per MT), respectively, which moved in tandem with the global prices of CPO and PK. The said increase in global prices primarily resulted from the following factors, which caused higher demand for CPO but a lower supply of CPO:

(i) global relaxation of movement control measures and increased refining activities, which spurred the demand for CPO;

(ii) a shortage of CPO supply caused by heavy rainfall from the La Nina phenomenon in early 2021 (average monthly rainfall: FYE 2021: 198mm; FYE 2020: 140mm), which disrupted oil palm harvesting activities as well as logistics on oil palm plantations, and thus led to our FFB yield per Ha decreasing by 8.9% to 26.7MT/Ha for FYE 2021 (FYE 2020: 29.3MT/Ha) and thus lower supply of CPO. The La Nina phenomenon started in September 2020 and continued through mid-May 2022 blown by strong winds westwards from South America to Indonesia across the Pacific Ocean; and

(iii) a lower supply of CPO caused by labour shortage exacerbated by the COVID-19 pandemic which disrupted CPO supply globally. For avoidance of doubt, our Group was not affected by the labour shortage exacerbated by the COVID-19 pandemic, mainly attributable to the establishment of a standard safety protocol in accordance with the guidelines and SOPs on COVID-19 prevention to protect our employees against potential COVID-19 infection as detailed in Section 7.8.

The above incremental effects on our revenue were partially offset by lower sales volume for CPO, which decreased by 11,800MT or 11.6% to 89,506MT for FYE 2021 (FYE 2020: 101,306MT), and lower sales volume for PK by 3,422MT or 15.7% to 18,378MT for FYE 2021 (FYE 2020: 21,800MT). Such decrease in volume was mainly attributable to our Group recording a lower OER and KER of 19.5% and 3.9% for FYE 2021, respectively (FYE 2020: 20.7% and 4.2%, respectively), due to higher moisture content in FFB harvested as a result of heavy rainfall from La Nina phenomenon in FYE 2021.

Trading

Revenue from the trading segment decreased by RM19.7 million or 61.9% to RM12.2 million for FYE 2021 (FYE 2020: RM31.9 million). The said decrease was due to cessation of trading of building materials business of our Group since 1 January 2021 for the preparation of our Listing.

Comparison between FYE 2021 and FYE 2022

Our revenue has continued to grow by RM9.2 million or 3.0% to RM315.8 million for FYE 2022 (FYE 2021: RM306.6 million), primarily contributed by the revenue from our plantation segment, which increased by RM21.3 million or 7.2% to RM315.8 million for FYE 2022 (FYE 2021: RM294.5 million).

Since the cessation of trading of building materials of our Group since 1 January 2021, our Group has been solely focusing on the cultivation of oil palms and production of CPO and PK in Indonesia, whereby our customers from this business segment are solely customers from Indonesia. Thus, in FYE 2022, our Group solely generated revenue from the plantation segment and Indonesia.

Plantation

Our plantation segment revenue grew further by RM21.3 million or 7.2% to RM315.8 million for FYE 2022 (FYE 2021: RM294.5 million), contributed by higher revenue from the sale of CPO and PK, which grew by RM12.0 million or 4.6% to RM275.6 million for FYE 2022 (FYE 2021: RM263.6 million) and RM9.3 million or 30.1% to RM40.2 million for FYE 2022 (FYE 2021: RM30.9 million) respectively, mainly attributable to the increase in our average selling prices for CPO and PK.

Our average selling prices for CPO and PK grew by RM902 per MT or 30.6% to RM3,847 per MT for FYE 2022 (FYE 2021: RM2,945 per MT), and RM946 per MT or 56.3% to RM2,627 per MT for FYE 2022 (FYE 2021: RM1,681 per MT) respectively, which moved in tandem with the global prices of CPO and PK. The said increase in global prices primarily resulted from higher demand for CPO but a lower supply of CPO due to further global relaxation of movement control measures and increasing refining activities, which subsequently caused the demand for CPO to increase. Additionally, this was coupled with a shortage of CPO supply caused by the La Nina phenomenon during FYE 2021 and FYE 2022, which started in September 2020 and continued through mid-May 2022 across the tropical Pacific and brought about extreme and prolonged heavy rainfall (average monthly rainfall: FYE 2022: 240mm; FYE 2021: 198mm), had disrupted oil palm harvesting activities as well as logistics on oil palm plantations, which led to lower FFB yield per Ha recorded by our Group for FYE 2021 and FYE 2022, decreased by 13.1% to 23.2MT/Ha for FYE 2022 (FYE 2021: 26.7MT/Ha). In addition, there was lower supply of CPO caused by the labour shortage exacerbated by the COVID-19 pandemic across major palm-producing countries that disrupted CPO supply globally.

Further, there was higher demand for CPO as a substitute, due to:

(i) sunflower oil supply disruption caused by the conflict between Russia and Ukraine which started in February 2022, subsequently drove demand for CPO as a substitute, leading to the rise in global CPO prices;

(ii) dry weather that hit South America which affected soybean production, resulting in limited soy oil supply, and hence drove demand for CPO as a substitute, leading to the rise in global CPO prices; and

(iii) increased biodiesel production in Europe as biodiesel is considered as environmentally friendly renewable energy and a sustainable alternative to fossil fuels. CPO is one of the primary raw materials for producing biodiesel, and hence drove demand for CPO and led to the rise in global CPO prices.

The improved revenue contributed by the higher selling prices of CPO and PK for FYE 2022 was partially offset by lower sales volume for CPO and PK, which decreased by 17,870MT or 20.0% to 71,636MT for FYE 2022 (FYE 2021: 89,506MT), and 3,073MT or 16.7% to 15,305MT for FYE 2022 (FYE 2021: 18,378MT) respectively. Such decrease was mainly attributable to our Group recording a lower OER of 18.5% for FYE 2022 (FYE 2021: 19.5%) due to the La Nina phenomenon in FYE 2022, which brought about extreme and prolonged heavy rainfall across palm-producing countries, which disrupted the FFB production and causing higher moisture content in FFB harvested. Hence, our Group has lower production of CPO and PK.

Trading

There was no revenue from the trading segment for FYE 2022 as our Group had ceased the building materials trading business effective from 1 January 2021 (FYE 2021: RM12.2 million).

Comparison between FYE 2022 and FYE 2023

Our revenue from the plantation segment increased by RM22.2 million or 7.0% to RM338.0 million for FYE 2023 (FYE 2022: RM315.8 million), primarily attributable to the increase in revenue from the sale of CPO by RM34.4 million or 12.5% to RM310.0 million for FYE 2023 (FYE 2022: RM275.6 million), which was mainly attributable to the sales volume for CPO increased by 20,971MT or 29.3% to 92,607MT for FYE 2023 (FYE2022: 71,636MT). The increase in sales volume for CPO was mainly attributable to (i) customer's late collection of CPO orders of 6,000MT from FYE 2022 that was eventually delivered and recognised as revenue during FYE 2023; and (ii) our Group recording a higher FFB produced and higher OER of 20.6% for FYE 2023 (FYE 2022: 18.5%) due to less moisture content in FFB harvested and higher oil content resulted by the favourable weather during the last 5 months of the fruit development in the mesocarp (growing of oil content) before harvesting.

12. FINANCIAL INFORMATION *(Cont'd)*

The above increase was offset by the decrease in our average selling prices for CPO by RM499 per MT or 13.0% to RM3,348 per MT for FYE 2023 (FYE 2022: RM3,847 per MT), which moved in tandem with the global CPO prices. The decrease in average selling prices for CPO was mainly resulting from the following:

(i) the lower demand for CPO from China as a result of the reduced consumption of major vegetable oils caused by ongoing lockdowns in several big cities due to COVID-19; and

(ii) lower demand for CPO from India and Europe resulting from higher imports of soybeans as a substitute.

The increase in revenue from the sale of CPO was offset by lower revenue from the sale of PK, which decreased by RM12.2 million or 30.4% to RM28.0 million for FYE 2023 (FYE 2022: RM40.2 million). Such decrease was mainly attributable to the decrease in our average selling prices for PK by RM1,038 per MT or 39.5% to RM1,589 per MT for FYE 2023 (FYE 2022: RM2,627 per MT) which moved in tandem with global PK prices.

The impact of the decrease in PK prices was narrowed by higher sales volume for PK, which increased by 2,298MT or 15.0% to 17,603MT for FYE 2023 (FYE 2022: 15,305MT), despite our Group recording lower KER of 3.9% for FYE 2023 (FYE 2022: 4.0%) due to the shrinking of fruitlet size as a result of heavy rainfall from the La Nina phenomenon during FYE 2021 and FYE 2022 which started in September 2020 to mid-May 2022. The KER is affected by the weather conditions during fruit development, which generally takes approximately 9 to 10 months before harvesting. The increased sales volume for PK was mainly attributable to (i) customer's late collection of PK orders of 1,200MT from FYE 2022 that was delivered and recognised as revenue during FYE 2023; and (ii) higher FFB processed of 433,011MT for FYE 2023 (FYE 2022: 404,901MT).

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12. FINANCIAL INFORMATION *(Cont'd)*

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by cost component

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Cultivation costs								
- Depreciation	23,986	13.1	23,656	14.2	24,264	13.0	26,019	10.6
- Labour-related costs	22,288	12.2	27,259	16.4	34,337	18.5	36,811	15.0
- Manuring	28,762	15.7	26,836	16.1	32,202	17.3	46,928	19.1
- Utilities	4,362	2.4	4,561	2.7	7,811	4.2	10,643	4.3
- Estate maintenance costs	7,358	4.0	8,084	4.9	13,458	7.2	14,567	5.9
- Security costs	2,700	1.5	2,849	1.7	3,371	1.8	3,485	1.4
- Others(1)	4,963	2.8	5,610	3.5	8,066	4.4	8,825	3.6
	94,419	**51.7**	**98,855**	**59.5**	**123,509**	**66.4**	**147,278**	**59.9**
Harvesting costs								
- Labour-related cost	16,248	8.9	15,769	9.5	17,544	9.5	24,364	9.9
- Transportation	12,821	7.0	13,896	8.4	18,235	9.8	18,439	7.5
- Others(2)	100	0.1	81	*	179	0.1	328	0.1
	29,169	**16.0**	**29,746**	**17.9**	**35,958**	**19.4**	**43,131**	**17.5**
Mill and production costs								
- Depreciation	3,931	2.2	4,093	2.5	4,522	2.4	4,700	1.9
- Labour-related costs	5,719	3.1	5,734	3.4	6,138	3.3	7,078	2.9
- Repair and maintenance	4,901	2.7	4,196	2.5	5,009	2.7	7,551	3.1
- Purchase of FFB	8,976	4.9	11,819	7.1	17,947	9.7	15,656	6.4
- Others(3)	3,179	1.7	3,593	2.2	5,247	2.8	6,252	2.5
	26,706	**14.6**	**29,435**	**17.7**	**38,863**	**20.9**	**41,237**	**16.8**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Movements in CPO and PK inventories[(4)]								
Opening inventories	4,778	2.6	6,570	4.0	17,714	9.5	30,096	12.2
Closing inventories	(6,570)	(3.6)	(17,714)	(10.7)	(30,096)	(16.2)	(16,225)	(6.6)
	(1,792)	**(1.0)**	**(11,144)**	**(6.7)**	**(12,382)**	**(6.7)**	**13,871**	**5.6**
Costs for trading								
CPO and PK	3,548	1.9	7,969	4.8	-	-	488	0.2
Building materials	30,741	16.8	11,376	6.8	-	-	-	-
	34,289	**18.7**	**19,345**	**11.6**	**-**	**-**	**488**	**0.2**
	182,791	**100.0**	**166,237**	**100.0**	**185,948**	**100.0**	**246,005**	**100.0**

Notes:

* Representing less than 0.1%.

(1) Comprise mainly assessment, pruning, office expenses and sundry expenses.

(2) Comprise mainly harvesting tools.

(3) Comprise mainly fuel and lubricants costs.

(4) Comprise of inventory movements for CPO and PK. The inventories cost of CPO and PK includes direct labour, an appropriate share of production overheads and the fair value attributed to agricultural produce at year-end in accordance with MFRS 141.

12. FINANCIAL INFORMATION *(Cont'd)*

(i) Cultivation costs

Our cultivation costs increased by RM4.5 million or 4.8% to RM98.9 million for FYE 2021 (FYE 2020: RM94.4 million), mainly attributable to the following:

(aa) increase in labour-related costs by RM5.0 million to RM27.3 million for FYE 2021 (FYE 2020: RM22.3 million) and increased estate maintenance costs by RM0.7 million to RM8.1 million for FYE 2021 (FYE 2020: RM7.4 million), both being mainly for additional road maintenance during the relatively wetter season since the beginning of the year 2021; and

(bb) other expenses increased by RM0.6 million to RM5.6 million for FYE 2021 (FYE 2020: RM5.0 million), mainly due to calibration costs incurred for 3 weighbridges, refurbishment of existing notice boards and installation of new notice boards in FYE 2021 for Environment, Social and Governance awareness among the workforce.

The abovementioned increases were partially offset by a decrease in manuring by RM2.0 million to RM26.8 million for FYE 2021 (FYE 2020: RM28.8 million), mainly due to the deferred application of fertilisers during the relatively wetter season.

Our cultivation costs increased by RM24.6 million or 24.9% to RM123.5 million for FYE 2022 (FYE 2021: RM98.9 million), mainly attributable to the following:

(aa) higher labour-related costs for FYE 2022, which rose by RM7.0 million to RM34.3 million for FYE 2022 (FYE 2021: RM27.3 million) and estate maintenance costs which increased by RM5.4 million to RM13.5 million for FYE 2022 (FYE 2021: RM8.1 million), mainly due to additional labour and materials required for road maintenance during the relatively wetter season. In addition, for the second half of FYE 2022, there was additional labour for fertiliser application and for drains maintenance, such as deepening and widening of drains for better discharge of water for post-monsoon effects;

(bb) increase in manuring costs of RM5.4 million to RM32.2 million for FYE 2022 (FYE 2021: RM26.8 million), mainly due to the increase in fertiliser price resulting from shortage of supply due to conflict between Russia and Ukraine. Additionally, more fertiliser was applied for the second half of FYE 2022 as compared to the first half of FYE 2022 as the heavy rainfall from the La Nina phenomenon in the first half of FYE 2022 made it less suitable to apply fertiliser which resulted in the postponement of fertilisers application to post-monsoon in the second half of FYE 2022;

12. FINANCIAL INFORMATION *(Cont'd)*

(cc) increase in utilities by RM3.2 million to RM7.8 million for FYE 2022 (FYE 2021: RM4.6 million), mainly due to higher diesel costs resulting from the rise in diesel prices during FYE 2022 for diesel used for our generation sets and vehicles arising from the increase in global crude oil prices following an increase in global demand for crude oil due to fears in the market on any disruptions in the supply as a result of the Russia-Ukraine conflict and sanctions implemented by the United States against Russia, which subsequently led to a reduction in subsidies on diesel as announced by the Indonesian Government in September 2022; and

(dd) increase in other cultivation costs such as pruning and sundry expenses by RM2.4 million to RM8.0 million for FYE 2022 (FYE 2021: RM5.6 million), mainly due to (i) additional pruning works resulting from the relatively wetter season; (ii) and higher ISPO certification costs mainly due to the acquisition of new machines by PT MKH and the new signup of the ISPO certification programme for PT SPS, which costs are mainly for document analysis and tests conducted by a competent third party to maintain and improve safety and environmental compliance standards, i.e. water and air quality tests, noise tests on power generators and other mill equipment, ISPO on material and equipment, and ISPO on handling and logistic expenditure by a third party on B3 waste (hazardous and toxic materials).

Our cultivation costs increased by RM23.8 million or 19.2% to RM147.3 million for FYE 2023 (FYE 2022: RM123.5 million), mainly attributable to the following:

(aa) increase in manuring costs of RM14.7 million to RM46.9 million for FYE 2023 (FYE 2022: RM32.2 million), mainly due to more fertiliser applied for FYE 2023 as compared to FYE 2022 as the heavy rainfall in FYE 2022 made it less suitable to apply fertiliser;

(bb) increase in utilities by RM2.8 million to RM10.6 million for FYE 2023 (FYE 2022: RM7.8 million), mainly due to higher diesel cost resulting from the rise in diesel prices during FYE 2023 for diesel used for our generation sets and vehicles;

(cc) higher labour-related costs for FYE 2023, which rose by RM2.5 million to RM36.8 million for FYE 2023 (FYE 2022: RM34.3 million), mainly due to additional labour for fertiliser application coupled with the increase in minimum wages by 6.1%;

(dd) increase in depreciation by RM1.7 million to RM26.0 million for FYE 2023 (FYE 2022: RM24.3 million), mainly due to the addition of building, plant and machinery during FYE 2023 as well as the reclassification of new mature bearer plant in September 2022; and

(ee) estate maintenance costs increased by RM1.1 million to RM14.6 million for FYE 2023 (FYE 2022: RM13.5 million), mainly due to post-monsoon deepening and widening of drains for better discharge of water.

12. FINANCIAL INFORMATION *(Cont'd)*

(ii) Harvesting costs

Our harvesting costs increased by RM0.5 million or 1.7% to RM29.7 million for FYE 2021 (FYE 2020: RM29.2 million), despite lower FFB produced for FYE 2021, mainly attributable to our transportation costs rose by RM1.1 million to RM13.9 million for FYE 2021 (FYE 2020: RM12.8 million), primarily in relation to the replacement of loading truck nets and higher handling costs to manage the evacuation of FFBs as the condition of the roads were affected by the relatively wetter season.

The abovementioned increases were partially offset by labour-related costs, which dropped by RM0.4 million to RM15.8 million for FYE 2021 (FYE 2020: RM16.2 million) as a result of the lower labour costs as we recruited fewer workers to collect loose fruits as we focused more on collecting FFB due to wet weather.

Our harvesting costs increased by RM6.3 million or 21.2% to RM36.0 million for FYE 2022 (FYE 2021: RM29.7 million), mainly attributable to the increase in transportation by RM4.3 million to RM18.2 million for FYE 2022 (FYE 2021: RM13.9 million) and the increase in labour-related costs by RM1.7 million to RM17.5 million for FYE 2022 (FYE 2021: RM15.8 million), primarily attributable to the higher handling costs to manage the evacuation of FFBs as the condition of the roads were affected by the relatively wetter season. In addition, higher transportation and labour-related costs were incurred in the second half of FYE 2022, resulting from the repair and maintenance costs for powered wheelbarrows and farm ATVs incurred in the second half of FYE 2022 as well as more trips due to higher FFB produced compared to the first half of FYE 2022.

Our harvesting costs increased by RM7.1 million or 19.7% to RM43.1 million for FYE 2023 (FYE 2022: RM36.0 million), mainly attributable to the increase in labour-related costs of RM6.9 million to RM24.4 million for FYE 2023 (FYE 2022: RM17.5 million), which was in line with the increase in FFB produced, coupled with the increase in minimum wages by 6.1%.

(iii) Mill and production costs

Our mill and production costs increased by RM2.7 million or 10.1% to RM29.4 million for FYE 2021 (FYE 2020: RM26.7 million), mainly attributable to the increase in FFB purchase costs of RM2.8 million to RM11.8 million for FYE 2021 (FYE 2020: RM9.0 million). The average FFB purchase costs grew by RM150 per MT to RM586 per MT for FYE 2021 (FYE 2020: RM436 per MT), which increased in tandem with the global prices for CPO as the determination of the FFB price under the provisions contained in the Regulation of the Minister of Agriculture regarding the Guidelines for Determining the Purchase Price for FFB for Plantation Production issued by the Plantation Office of East Kalimantan Province will fluctuate in line with the prevailing CPO prices, hence, the FFB price consistently correlates with the CPO price.

12. FINANCIAL INFORMATION *(Cont'd)*

Our mill and production costs increased by RM9.5 million or 32.3% to RM38.9 million for FYE 2022 (FYE 2021: RM29.4 million), mainly attributable to higher FFB purchase costs for FYE 2022, which increased by RM6.1 million to RM17.9 million for FYE 2022 (FYE 2021: RM11.8 million). The average FFB purchase costs grew by RM222 per MT to RM808 per MT for FYE 2022 (FYE 2021: RM586 per MT), which increased in tandem with global prices for CPO as the basis in determining the FFB does refer to the CPO price, hence, the FFB price consistently correlates with the CPO price. In addition, other mill and production costs rose by RM1.6 million to RM5.2 million for FYE 2022 (FYE 2021: RM3.6 million), mainly comprising fuel and lubricant costs by RM1.3 million or 92.9% to RM2.7 million for FYE 2022 (FYE 2021: RM1.4 million), primarily attributable to the rise in fuel prices resulting from the conflict between Russia and Ukraine, which led to the shortage of fuel supply.

Our mill and production costs increased by RM2.3 million or 6.1% to RM41.2 million for FYE 2023 (FYE 2022: RM38.9 million), mainly attributable to the following:

(aa) increase in repair and maintenance of RM2.6 million to RM7.6 million for FYE 2023 (FYE 2022: RM5.0 million), mainly due to costs incurred for service and repair of boiler, the overhaul of weighbridge, periodic replacement of FFB conveyor, decanter and purifier service and spare parts during FYE 2023;

(bb) increase in labour-related costs of RM1.0 million to RM7.1 million for FYE 2023 (FYE 2022: RM6.1 million), mainly due to the increase in minimum wages by 6.1%; and

(cc) increase in other mill and production costs of RM1.1 million to RM6.3 million for FYE 2023 (FYE 2022: RM5.2 million) resulting from the rise in fuel prices.

Such increases were partially offset by the lower FFB purchase costs for FYE 2023, which decreased by RM2.2 million to RM15.7 million for FYE 2023 (FYE 2022: RM17.9 million). The decrease in FFB purchase costs was mainly attributable to the decrease in the average FFB purchase costs, which decreased by RM129 per MT to RM679 per MT for FYE 2023 (FYE 2022: RM808 per MT), which decreased in tandem with global prices for CPO as the basis in determining the FFB does refer to the CPO price, hence, the FFB price consistently correlates with the CPO price.

(iv) Costs for trading

Costs for trading are the cost of goods sold for CPO and PK trading and building materials trading.

CPO and PK

Our purchase costs for CPO and PK increased by RM4.5 million to RM8.0 million for FYE 2021 (FYE 2020: RM3.5 million), mainly attributable to the rise in the total purchase volume of CPO from the external party by 1,206MT to 2,709MT for FYE 2021 (FYE 2020: 1,503MT) mainly due to the CPO purchase prices with better discounts offered by the external party were feasible for purchase to yield a better margin. The offered CPO prices rose from RM2,043 per MT for FYE 2020 to RM2,769 per MT for FYE 2021, which moved in tandem with the global prices of CPO.

There were no CPO and PK purchased during FYE 2022 (FYE 2021: RM8.0 million), mainly attributable to less discounts offered by the external party, which were not feasible for purchase to yield a better margin. In addition, we did not purchase CPO from neighbouring palm oil mills for mixing with our CPO in the FYE 2022 due to the relatively high FFA content (at an average of approximately 6.5%) in the CPO offered for sale to our Group by our neighbouring palm oil mills.

The CPO purchase costs of RM0.5 million during FYE 2023 (FYE 2022: RM Nil) were mainly for mixing with our CPO produced.

Building materials

Our cost for trading decreased by RM19.3 million or 62.9% to RM11.4 million for FYE 2021 (FYE 2020: RM30.7 million), and thereafter contributed no revenue for FYE 2022, following the cessation of our building materials trading business since 1 January 2021 onwards.

Analysis of cost of sales by business segment

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Plantation	152,050	83.2	154,861	93.2	185,948	100.0	246,005	100.0
Trading	30,741	16.8	11,376	6.8	-	-	-	-
	182,791	**100.0**	**166,237**	**100.0**	**185,948**	**100.0**	**246,005**	**100.0**

Analysis of GP and GP margin by business segment

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Plantation	98,404	39.3	139,597	47.4	129,869	41.1	91,976	27.2
Trading	1,129	3.5	777	6.4	-	-	-	-
	99,533	**35.3**	**140,374**	**45.8**	**129,869**	**41.1**	**91,976**	**27.2**

Comparison between FYE 2020 and FYE 2021

Our Group's cost of sales decreased by RM16.6 million or 9.1% to RM166.2 million for FYE 2021 (FYE 2020: RM182.8 million), mainly attributable to the trading of building materials costs which decreased by RM19.3 million or 62.9% to RM11.4 million for FYE 2021 (FYE 2020: RM30.7 million), which is in tandem with the decrease in revenue from the trading segment following the cessation of our building materials trading business since 1 January 2021 onwards.

The above decrease was offset by increased costs of sales for the plantation segment by RM2.8 million or 1.8% to RM154.9 million for FYE 2021 (FYE 2020: RM152.1 million), due to the following:

(i) cultivation costs which increased by RM4.5 million or 4.8% to RM98.9 million for FYE 2021 (FYE 2020: RM94.4 million);

(ii) mill and production costs which increased by RM2.7 million or 10.1% to RM29.4 million for FYE 2021 (FYE 2020: RM26.7 million); and

(iii) purchase costs for CPO and PK which increased by RM4.5 million to RM8.0 million for FYE 2021 (FYE 2020: RM3.5 million),

all of which are explained in earlier sections above for each cost component.

Additionally, higher closing inventories for CPO and PK for FYE 2021, which increased by RM11.1 million to RM17.7 million for FYE 2021 (FYE 2020: RM6.6 million) mainly due to the higher fair value of CPO and closing inventory which increased by 2,808MT also contributed to the lower cost of sales for FYE 2021.

Our Group recorded an increase in GP by RM40.9 million or 41.1% to RM140.4 million for FYE 2021 (FYE 2020: RM99.5 million), and our GP margin improved to 45.8% for FYE 2021 (FYE 2020: 35.3%), mainly attributable to the increased GP and improved GP margin from our plantation segment.

12. FINANCIAL INFORMATION *(Cont'd)*

Our GP for the plantation segment increased by RM41.2 million or 41.9% to RM139.6 million for FYE 2021 (FYE 2020: RM98.4 million), which was in tandem with its revenue growth. Our GP margin for the plantation segment improved to 47.4% for FYE 2021 (FYE 2020: 39.3%), mainly attributable to our revenue from the plantation segment grew by 17.6% for FYE 2021, primarily resulting from the increase in our average selling prices of CPO and PK by 32.2% and 47.3% respectively for FYE 2021, which rose in tandem with the global prices of CPO and PK due to higher demand for CPO and PK but a lower supply of CPO and PK, as explained in Section 12.2.2(a) above. In addition, our cost of sales for the plantation segment increased by 1.8% in FYE 2021, which grew at a rate lower than our revenue growth rate of 17.6%, primarily due to our relatively fixed in-nature depreciation and labour-related costs rising at a rate lower than our revenue growth rate.

Our GP for the trading segment decreased by RM0.3 million or 27.3% to RM0.8 million for FYE 2021 (FYE 2020: RM1.1 million) as a result of the cessation of our building materials trading business effective from 1 January 2021 onwards. Despite the decrease in GP, our GP margin for the trading segment increased to 6.4% for FYE 2021 (FYE 2020: 3.5%), mainly attributable to higher sales of building materials, such as ready mixed concrete, tiles and doors, which yielded a better GP margin as compared with other products.

Comparison between FYE 2021 and FYE 2022

Our Group's cost of sales increased by RM19.7 million or 11.9% to RM185.9 million for FYE 2022 (FYE 2021: RM166.2 million), mainly attributable to the costs of sales for the plantation segment increased by RM31.0 million or 20.0% to RM185.9 million for FYE 2022 (FYE 2021: RM154.9 million), due to the following:

(i) the cultivation costs increased by RM24.6 million or 24.9% to RM123.5 million for FYE 2022 (FYE 2021: RM98.9 million);

(ii) the harvesting costs increased by RM6.3 million or 21.2% to RM36.0 million for FYE 2022 (FYE 2021: RM29.7 million); and

(iii) the mill and production cost increased by RM9.5 million or 32.3% to RM38.9 million for FYE 2022 (FYE 2021: RM29.4 million),

all of which are explained in earlier sections above for each cost component.

The above increases were partially offset as no CPO and PK were purchased during FYE 2022 (FYE 2021: RM8.0 million), mainly attributable to the shortage of CPO supply and CPO prices being not feasible for purchase.

There were no trading of building materials costs for FYE 2022 as we ceased the building materials trading business since 1 January 2021.

12. FINANCIAL INFORMATION *(Cont'd)*

Our Group recorded a decrease in GP by RM10.5 million or 7.5% to RM129.9 million for FYE 2022 (FYE 2021: RM140.4 million), while our GP margin decreased to 41.1% for FYE 2022 (FYE 2021: 45.8%), mainly attributable to the plantation segment. Our GP for the plantation segment decreased by RM9.7 million or 6.9% to RM129.9 million for FYE 2022 (FYE 2021: RM139.6 million), and its GP margin decreased to 41.1% for FYE 2022 (FYE 2021: 47.4%), mainly due to the increase in our cost of sales from our plantation segment increased by 20.1%, which grew at a rate higher than our revenue growth rate for the plantation segment of 7.2%, primarily due to higher cultivation costs, harvesting costs and mill and production costs incurred during FYE 2022, mainly due to the reasons as explained above.

Our Group recorded lower GP for the second half of FYE 2022, which decreased by RM54.4 million to RM37.7 million as compared to the first half of FYE 2022 of RM92.1 million, primarily due to the following:

(i) lower revenue recorded in the second half of FYE 2022, which decreased by RM21.5 million to RM147.2 million (first half of FYE 2022: RM168.7 million), resulted mainly from our average selling prices of CPO and PK declined by RM570 per MT or 13.8% to RM3,563 per MT for the second half of FYE 2022 (first half of FYE 2022: RM4,133 per MT) and RM468 per MT or 16.3% to RM2,404 per MT between second half of FYE 2022 (i.e. 1 April 2022 to 30 September 2022) (first half of FYE 2022: RM2,872 per MT), respectively, which moved in tandem with the global prices of CPO and PK. The decline in global prices of CPO and PK from May 2022 was due to excessive stock of CPO in Indonesia accumulated during the export ban on CPO, RBD palm oil, RBD palm olein and used cooking oil implemented by the Indonesian Government from 28 April 2022 to 23 May 2022 which subsequently led to an increase in CPO export after the export ban was lifted;

(ii) higher cultivation costs incurred for the second half of FYE 2022, which increased by RM15.1 million to RM69.3 million (first half of FYE 2022: RM54.2 million), mainly due to additional labour for fertiliser application and for drains maintenance, such as deepening and widening of drains for better discharge of water for post-monsoon effects in the second half of FYE 2022. Additionally, higher manuring costs as more fertiliser was applied for the second half of FYE 2022 as compared to the first half of FYE 2022 due to the heavy rainfall from the La Nina phenomenon in the first half of FYE 2022 made it less suitable to apply fertiliser which resulted in the postponement of fertilisers application to post-monsoon in the second half of FYE 2022;

(iii) higher harvesting costs incurred for the second half of FYE 2022, which increased by RM6.7 million to RM21.3 million (first half of FYE 2022: RM14.6 million), mainly due to higher transportation and labour-related costs which were incurred in the second half of FYE 2022, resulting from the repair and maintenance costs for powered wheelbarrows and farm ATVs incurred in the second half of FYE 2022 as well as more trips due to higher FFB produced compared to the first half of FYE 2022; and

(iv) the movements in CPO and PK inventories for the first half of FYE 2022 amounted to RM11.1 million was higher as compared to the second half of FYE 2022 of RM1.3 million, mainly attributable to the higher closing inventories volume for CPO and PK and higher fair value of CPO and PK as at 31 March 2022 as compared to 30 September 2021.

Thus, our Group's GP margin decreased from 54.6% for the first half of FYE 2022 to 25.6% for the second half of FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our cost of sales for the plantation segment increased by RM60.1 million or 32.3% to RM246.0 million for FYE 2023 (FYE 2022: RM185.9 million), mainly attributable to the following:

(i) cultivation costs increased by RM23.8 million or 19.2% to RM147.3 million for FYE 2023 (FYE 2022: RM123.5 million);

(ii) harvesting costs increased by RM7.1 million or 19.7% to RM43.1 million for FYE 2023 (FYE 2022: RM36.0 million); and

(iii) mill and production costs increased by RM2.3 million or 5.9% to RM41.2 million for FYE 2023 (FYE 2022: RM38.9 million),

all of which are explained in the sections above with respect to each cost component.

Additionally, the closing inventories for CPO and PK as at 30 September 2023 decreased by RM13.9 million to RM16.2 million (as at 30 September 2022: RM30.1 million). Such decrease was mainly attributable to the realisation of prior period CPO closing stock of 3,000MT and 1,200MT of PK, both of which were recognised as revenue during FYE 2023. The higher closing inventories as at 30 September 2022 were mainly due to higher volume for CPO and PK of 3,192MT and 940MT respectively as at 30 September 2022, of which 3,000MT of CPO with 90.0% downpayment duly paid was only collected by the customer on 5 October 2022 and the 1,200MT of PK which were contracted in the last quarter of FYE 2022 was only collected by the customer in November 2022 as the customer's PK crushing plant was under major maintenance in the last quarter of 2022.

Our GP for the plantation segment decreased by RM37.9 million or 29.2% to RM92.0 million for FYE 2023 (FYE 2022: RM129.9 million), while our GP margin decreased to 27.2% for FYE 2023 (FYE 2022: 41.1%). This was mainly due to the decrease in our average selling prices for CPO and PK as explained in Section 12.2.2(a) and the increase in our cost of sales from our plantation segment as explained above.

12. FINANCIAL INFORMATION *(Cont'd)*

(c) Other income

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Realised gain on foreign exchange	-	-	3,079	17.0	-	-	-	-
Unrealised gain on foreign exchange	-	-	7,785	43.1	4,491	69.2	-	-
Sales of sludge oil[(1)]	1,742	18.6	3,374	18.7	367	5.7	2,292	28.8
Sales of FFB[(2)]	5,959	63.7	646	3.6	-	-	-	-
Sales of PK shell	248	2.7	109	0.6	-	-	-	-
Gain on fair value of biological assets[(3)]	-	-	1,637	9.1	-	-	288	3.6
Interest income from bank balances	543	5.8	676	3.7	655	10.1	832	10.5
Management fee[(4)]	232	2.5	270	1.5	340	5.2	393	5.0
Gain on disposal of former subsidiaries	-	-	-	-	-	-	2,854	35.9
Insurance compensation[(5)]	70	0.7	59	0.3	12	0.2	515	6.5
Sales of scrap[(6)]	341	3.6	155	0.9	455	7.0	503	6.3
Miscellaneous[(7)]	220	2.4	292	1.5	170	2.6	271	3.4
	9,355	**100.0**	**18,082**	**100.0**	**6,490**	**100.0**	**7,948**	**100.0**

Notes:

(1) We sell sludge oil to external customers and the proceeds was contributed to the community of the Plasma Farmers in our estates as part of our CSR under the Plasma Programme.

(2) Our Group sells FFB during the major maintenance works of our palm oil mill during FYE 2020 and FYE 2021. No sales of FFB for FYE 2022 as our major maintenance works carried out during FYE 2022 did not involve the shutdown of our production facilities. Thus, our Group did not sell any FFB to other mills during the maintenance period in FYE 2022. Routine maintenance is carried out daily at different stations or sub-points based on Preventive Maintenance Program which is consistent with the wear and tear by industry practice and OEM recommendation, such that the production line is not affected by the routine maintenance. Major maintenance is carried out based on our observations while carrying out the Preventive Maintenance Program on the machinery, whereby part of the production lines is affected, therefore excess FFB will be sold as the capacity of the processing of FFB is affected.

(3) Fair value of biological assets is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flow are estimated using expected output method and the estimated market price of the produce growing on bearer plants. Any gains arising from changes in the fair value of biological assets less cost of sales are recognised in other income.

(4) Management fee is received from the Plasma Farmers for the services we rendered to them, such as planting consultation and management services. The management fee is charged based on 5.0% of the total operational costs of Sawit Sendowan Plantation Cooperative, Sedulang Jaya.

(5) Comprises insurance claims for property all risk, motor vehicle and automobile liability, fidelity guarantee, business interruptions due to flood, and staff medical expenses.

(6) Represents sales of scrap such as spoiled machines at recycle value.

(7) Comprises mainly claims received from fertiliser suppliers for moisture content not following specifications.

Comparison between FYE 2020 and FYE 2021

Our other income increased by RM8.7 million or 92.6% to RM18.1 million for FYE 2021 (FYE 2020: RM9.4 million), mainly attributable to the following:

(i) there was unrealised gain on foreign exchange of RM7.8 million for FYE 2021 (FYE 2020: RM Nil) in relation to our USD-denominated borrowings and RM-denominated loans from Metro Kajang (Oversea) and MKH Plantation against IDR resulting from the strengthening of IDR against USD and RM at the end of FYE 2021 compared to FYE 2020 (as at 30 September 2021: USD1: IDR14,307 and RM1: IDR3,419; as at 30 September 2020: USD1: IDR14,918 and RM1: IDR3,590);

(ii) there was realised gain on foreign exchange of RM3.1 million for FYE 2021 (FYE 2020: RM Nil) in relation to repayments of our USD-denominated borrowings and RM-denominated loans from Metro Kajang (Oversea) and MKH Plantation against IDR, resulting from the overall strengthening of IDR against USD and RM during the FYE 2021 compared to FYE 2020 (FYE 2021: USD1: IDR14,296 and RM1: IDR3,505; FYE 2020: USD1: IDR14,982 and RM1: IDR3,624);

(iii) there was a gain on changes in fair value of biological assets of RM1.6 million for FYE 2021 (FYE 2020: RM Nil). The fair value measurement of biological assets is valued using the present value of net cash flow expected to be generated from sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell. The said gain on changes in fair value of biological assets of RM1.6 million was mainly due to the higher estimated FFB price being used in the measurement of biological assets at the end of FYE 2021 as compared to FYE 2020, in which the increase in estimated FFB price was in tandem with the rise in the global prices of CPO; and

(iv) income from sales of sludge oil increased by RM1.7 million to RM3.4 million for FYE 2021 (FYE 2020: RM1.7 million), mainly due to a higher selling price of RM2,109 per MT for 1,600MT for FYE 2021, as compared to RM968 per MT for 1,800MT for FYE 2020, as the selling price for sludge oil was correlated to the CPO prices, which increase in tandem with the rise in global prices of CPO.

The abovementioned increases were partially offset by lower sales of FFB which decreased by RM5.4 million to RM0.6 million for FYE 2021 (FYE 2020: RM6.0 million), mainly attributable to a shorter maintenance period carried out during FYE 2021, which disrupted our CPO production, i.e. 3 days major maintenance work for FYE 2021 as compared to 6 weeks scheduled major maintenance works undertook during FYE 2020. During maintenance, less FFB is processed, which results in excess FFB, which we will sell. Thus, less maintenance resulted in less excess FFB sold during FYE 2021. During the 6 weeks scheduled major maintenance period, the mill was still running albeit at a lower capacity, which resulted in more excess FFB sold to other mills during FYE 2020.

Comparison between FYE 2021 and FYE 2022

Our other income decreased by RM11.6 million or 64.1% to RM6.5 million for FYE 2022 (FYE 2021: RM18.1 million), mainly attributable to the following:

(i) we recorded lower unrealised gain on foreign exchange, which decreased by RM3.3 million to RM4.5 million for FYE 2022 (FYE 2021: RM7.8 million). Such a decrease was primarily due to the unrealised gain on foreign exchange for FYE 2021 in relation to our USD-denominated borrowings of RM68.8 million as of 30 September 2021 which were fully settled during FYE 2022. The unrealised gain on foreign exchange for FYE 2022 were mainly in relation to loans from Metro Kajang (Oversea) and MKH Plantation of RM110.3 million as of 30 September 2022 as a result of the strengthening of IDR against RM at the end of FYE 2022 as compared to FYE 2021;

(ii) our Group recorded a realised loss on foreign exchange which was recognised under other expenses for FYE 2022 (FYE 2021: realised gain on foreign exchange of RM3.1 million), in relation to the repayments of our USD-denominated borrowings against IDR, resulting from the weakening of IDR against USD during the FYE 2022 as compared to FYE 2021 (FYE 2022: USD1: IDR14,479, FYE 2021: USD1: IDR14,296);

(iii) the decrease in income from the sale of sludge oil of RM3.0 million to RM0.4 million for FYE 2022 (FYE 2021: RM3.4 million), which declined in tandem with lower CPO produced for FYE 2022 mainly due to continuing effects of the La Nina phenomenon up to mid-May 2022, which brought about extreme and prolonged heavy rainfall across palm-producing countries, which disrupted the FFB production and causing higher moisture content in FFB harvested and a lower OER of 18.5% recorded for FYE 2022; and

(iv) our Group recorded a loss on fair value of biological assets which was recognised under other expenses for FYE 2022 (FYE 2021: gain on fair value of biological assets of RM1.6 million). The said loss on changes in fair value of biological assets was mainly due to the lower FFB price at the end of FYE 2022 compared to FYE 2021, which decreased in tandem with the global prices of CPO.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM1.4 million or 21.5% to RM7.9 million for FYE 2023 (FYE 2022: RM6.5 million), mainly attributable to the following:

(i) there was a gain on disposal of former subsidiaries, PT NMJ and Restu Mesra, of RM2.9 million for FYE 2023 (FYE 2022: RM Nil), which were disposed to a related party, Metro Kajang (Oversea), on 9 January 2023 for a total consideration of RM2.9 million as part of our Pre-IPO Reorganisation;

(ii) increase in income from the sale of sludge oil of RM1.9 million or 475.0% to RM2.3 million for FYE 2023 (FYE 2022: RM0.4 million), which increased in tandem with higher CPO produced for FYE 2023 mainly due to post-monsoon and favourable weather during FYE 2023, which improved the FFB production and causing lower moisture content in FFB harvested and a higher OER of 20.6% recorded for FYE 2023;

(iii) increase in insurance compensation of RM0.51 million or 5,100.0% to RM0.52 million for FYE 2023 (FYE 2022: RM0.01 million), mainly due to insurance claims for business interruptions due to floods; and

(iv) there was gain on fair value of biological assets of RM0.3 million for FYE 2023 (FYE 2022: loss on fair value of biological assets of RM0.6 million). The fair value measurement of biological assets is valued using the present value of net cash flow expected to be generated from sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell. The said gain on changes in fair value of biological assets was mainly due to the higher unharvested FFB, which increased in tandem with the FFB yield.

Such increases were partially offset by there was no unrealised gain on foreign exchange for FYE 2023 as our Group recorded unrealised loss on foreign exchange of RM0.5 million, which was recognised under other expenses for FYE 2023 (FYE 2022: unrealised gain on foreign exchange of RM4.5 million), mainly in relation to our RM-denominated loans from Metro Kajang (Oversea) and MKH Plantation as well as USD-denominated borrowings against IDR. The IDR weakened against RM at the end of FYE 2023 as compared to FYE 2022 (as of 30 September 2023: RM1: IDR3,300 and USD1: IDR15,526 as compared to as of 30 September 2022: RM1: IDR3,281 and USD1: IDR15,247).

(d) Administrative expenses

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs[1]	10,769	31.6	10,566	28.3	11,607	29.6	10,602	27.4
Management fee[2]	8,753	25.7	8,525	22.9	6,372	16.2	4,127	10.7
CSR[3]	2,015	5.9	3,394	9.1	567	1.4	2,506	6.5
Depreciation	1,178	3.5	2,277	6.1	1,579	4.0	1,388	3.6
Medical expenses	298	0.9	2,071	5.6	1,098	2.8	849	2.2
Employment benefit obligations[4]	3,711	10.9	2,064	5.6	3,163	8.1	4,416	11.4
Travelling and transportation	1,697	5.0	1,971	5.3	2,252	5.8	2,495	6.4
Professional fees[5]	1,201	3.5	2,135	5.7	4,995	12.7	3,723	9.6
Accommodation	1,014	3.0	941	2.5	1,421	3.6	1,324	3.4
Entertainment expenses[6]	706	2.1	730	2.0	1,889	4.8	1,742	4.5
Security service fee	545	1.6	337	0.9	769	2.0	836	2.2
Directors' fees and remuneration	-	-	205	0.6	429	1.1	1,521	3.9
Repair and maintenance	400	1.2	253	0.7	277	0.7	281	0.7
Miscellaneous[7]	1,755	5.1	1,706	4.7	2,825	7.2	2,926	7.5
	34,042	**100.0**	**37,175**	**100.0**	**39,243**	**100.0**	**38,736**	**100.0**

Notes:

(1) Comprises salaries, bonuses, allowances, statutory social contributions and employees' provident fund contributions.

(2) Comprises management fees paid to MKH Resources, a subsidiary of MKH, for providing us with corporate, managerial, financial administration and other related services. The management fees are charged on a 6.0% margin of all chargeable expenses allocated using a hybrid method. The hybrid method is computed based on revenue, GP and the NBV of assets of the respective subsidiaries of MKH Group to allow all active companies within MKH Group fairly share the common expenses incurred per our transfer pricing policy.

(3) CSR expenses are expenses for activities for the community of the Plasma Farmers, such as welfare home visitations, charity donation drives and festive celebrations.

(4) Our subsidiaries, PT MKH and PT SPS, operate unfunded defined benefit schemes for employees, as required under the Labour Law of the Republic of Indonesia. The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method.

(5) Comprises mainly fees paid to auditors, lawyers and tax consultants.

(6) Comprise mainly recurring entertainment expenses for consultants, officers and visitors who visit the estate, surveying potential land and activities for Plasma, such as transportation and food provided during meetings with Plasma.

(7) Comprise mainly utilities, printing, insurance, bank charges and expenses relating to short-term leases.

Comparison between FYE 2020 and FYE 2021

Our administrative expenses increased by RM3.2 million or 9.4% to RM37.2 million for FYE 2021 (FYE 2020: RM34.0 million), mainly attributable to the following:

(i) medical expenses increased by RM1.8 million or 600.0% to RM2.1 million for FYE 2021 (FYE 2020: RM0.3 million), mainly due to the increase in COVID-19 tests for our staff and visitors to our estate to ensure all visitors or contractors to perform COVID-19 test before entering our estate. In addition, we also incurred other COVID-19 related costs such as sanitisation expenses and quarantine costs during FYE 2021;

(ii) the increase in CSR expenses by RM1.4 million or 70.0% to RM3.4 million for FYE 2021 (FYE 2020: RM2.0 million) was due to increase in our corporate social activities for the community of the Plasma Farmers, such as welfare home visitations, charity donation drives and festive celebrations; and

(iii) depreciation increased by RM1.1 million or 91.7% to RM2.3 million for FYE 2021 (FYE 2020: RM1.2 million), mainly due to higher depreciation for building and plant and machinery resulting from the new plant and machinery acquired and the completion of additional staff quarters during FYE 2021.

The abovementioned increases were partially offset by a decrease in the employment benefits obligations expenses by RM1.6 million or 43.2% to RM2.1 million for FYE 2021 (FYE 2020: RM3.7 million), mainly attributable to a change in assumption used based on historical data, i.e. higher turnover rate in the actuarial report as the management of PT MKH and PT STS are of the view that the current assumptions are more reasonable to reflect the staff retirement as advised by the independent actuary. The employment benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM2.0 million or 5.4% to RM39.2 million for FYE 2022 (FYE 2021: RM37.2 million), mainly attributable to the following:

(i) higher staff costs for FYE 2022, which increased by RM1.0 million or 9.4% to RM11.6 million (FYE 2021: RM10.6 million), mainly in relation to the full year impact of remuneration for our key senior management who were transferred from MKH Resources effective from 1 April 2021;

(ii) higher employment benefit obligations for FYE 2022, which increased by RM1.1 million or 52.4% to RM3.2 million for FYE 2022 (FYE 2021: RM2.1 million), mainly due to our increased average group age for our Indonesia employees which resulted in higher statutory provision for employment benefits;

(iii) higher professional fees for FYE 2022, which increased by RM2.9 million or 138.1% to RM5.0 million for FYE 2022 (FYE 2021: RM2.1 million), mainly due to professional fees and related expenses incurred for our IPO of RM2.5 million;

(iv) higher entertainment expenses for FYE 2022, which increased by RM1.2 million or 171.4% to RM1.9 million for FYE 2022 (FYE 2021: RM0.7 million), following the relaxation of the movement controls, there were more activities for surveying potential plantation land for our Group and activities for Plasma Farmers such as transportation and food provided during meetings with the Plasma Farmers on recurring basis, fund raising for fire at Plasma (fire due to human negligence) in FYE 2022 and sponsor for materials, labours and vehicle and machinery running costs for Plasma's road maintenance due to the wetter season in FYE 2022; and

(v) higher miscellaneous expenses for FYE 2022, which increased by RM1.1 million or 64.7% to RM2.8 million for FYE 2022 (FYE 2021: RM1.7 million), mainly due to increased diesel prices for generating electricity. The average diesel prices increased from RM2.61 per litre for FYE 2021 to RM4.18 per litre for FYE 2022.

12. FINANCIAL INFORMATION *(Cont'd)*

The abovementioned increases were partially offset by the decrease in management fees of RM2.1 million or 24.7% to RM6.4 million for FYE 2022 (FYE 2021: RM8.5 million). Such decrease was mainly attributable to lower management fees allocated to our Group for FYE 2022 in line with the transfer of key senior management from MKH Resources effective from 1 April 2021. Correspondingly, we recorded higher staff costs for FYE 2022. There is also a decrease in CSR expenses by RM2.8 million or 82.4% to RM0.6 million for FYE 2022 (FYE 2021: RM3.4 million) due to fewer corporate social activities during FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses decreased by RM0.5 million or 1.3% to RM38.7 million for FYE 2023 (FYE 2022: RM39.2 million), mainly attributable to the following:

(i) decrease in management fee of RM2.3 million or 35.9% to RM4.1 million for FYE 2023 (FYE 2022: RM6.4 million), following the termination of management service agreement with MKH Resources on 31 March 2023;

(ii) decrease in professional fees of RM1.3 million or 26.0% to RM3.7 million for FYE 2023 (FYE 2022: RM5.0 million), mainly due to professional fees incurred for our Listing being recognised as prepayment instead of expenses in FYE 2023; and

(iii) decrease in staff costs of RM1.0 million or 8.6% to RM10.6 million for FYE 2023 (FYE 2022: RM11.6 million), mainly due to decrease in average staff headcount from 177 for FYE 2022 to 170 for FYE 2023.

The above decreases were partially offset by the increase in the following:

(i) increase in CSR expenses of RM1.9 million or 316.7% to RM2.5 million for FYE 2023 (FYE 2022: RM0.6 million), mainly due to the increase in our corporate social activities for the community of the Plasma Farmers;

(ii) increase in employment benefit obligations of RM1.3 million or 41.9% to RM4.4 million for FYE 2023 (FYE 2022: RM3.1 million), primarily due to increase in staff headcount to 3,647 as of 30 September 2023 as compared to 3,310 as of 30 September 2022; and

(iii) increase in directors' fees and remuneration of RM1.1 million or 275.0% to RM1.5 million for FYE 2023 (FYE 2022: RM0.4 million), being mainly due to remuneration payments to an Executive Director from April 2023 onwards as well as there were directors' fees for Non-Executive Directors for FYE 2023. For further details, please refer to footnote 2 of Section 5.2.5.

(e) Sales and marketing expenses

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Transportation costs	8,778	74.0	6,223	67.2	5,753	53.0	7,196	58.8
Jetty costs[(1)]	1,884	15.9	2,050	22.1	2,696	24.9	2,985	24.4
Jetty depreciation	787	6.6	740	8.0	701	6.5	618	5.0
Trading segment costs[(2)]	291	2.5	65	0.7	-	-	-	-
Quality claims of CPO and PK[(3)]	131	1.0	185	2.0	1,694	15.6	1,445	11.8
	11,871	**100.0**	**9,263**	**100.0**	**10,844**	**100.0**	**12,244**	**100.0**

Notes:

(1) Mainly comprises staff costs for jetty operations, security charges, fuel and lubricants and jetty maintenance costs.

(2) Comprises marketing staff costs for the trading segment.

(3) Comprises customers' claims on our CPO and PK sales with FFA content above 5.0%.

Comparison between FYE 2020 and FYE 2021

Our sales and marketing expenses decreased by RM2.6 million or 21.8% to RM9.3 million for FYE 2021 (FYE 2020: RM11.9 million), mainly attributable to a decrease in transportation costs of RM2.6 million or 29.5% to RM6.2 million for FYE 2021 (FYE 2020: RM8.8 million), mainly due to fewer trips as a result of the decline in the sales volume for PK to a customer with a cost, insurance and freight arrangement decreased by 7,950MT or 71.0% in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our sales and marketing expenses increased by RM1.5 million or 16.1% to RM10.8 million for FYE 2022 (FYE 2021: RM9.3 million), mainly attributable to an increase in CPO and PK quality claims of RM1.5 million to RM1.7 million for FYE 2022 (FYE 2021: RM0.2 million) resulting from higher FFA due to the relatively wetter season caused by La Nina phenomenon, despite having quality control procedures in FFB harvesting and transportation processes to minimise processing of overripe fruits that may increase the FFA content in CPO. The higher FFA was primarily attributable to the imposition of a domestic market obligation on the refinery plant operators which does not allow to export cooking oil from Indonesia in April and May 2022 which in turn resulted in our customers delaying their collections of the CPO.

12. FINANCIAL INFORMATION *(Cont'd)*

Comparison between FYE 2022 and FYE 2023

Our sales and marketing expenses increased by RM1.4 million or 13.0% to RM12.2 million for FYE 2023 (FYE 2022: RM10.8 million), mainly attributable to an increase in transportation costs of RM1.4 million or 24.1% to RM7.2 million for FYE 2023 (FYE 2022: RM5.8 million), mainly due to more trips for delivery of CPO to our customers, which increased in tandem with the increase in CPO sales volume for FYE 2023.

(f) Other expenses

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Value-added tax[(1)]	2,094	9.2	1,051	49.5	1,388	20.0	1,188	42.2
Amortisation of prepaid lease payments	723	3.2	727	34.3	557	8.0	908	32.3
Property, plant and equipment written off[(2)]	306	1.3	234	11.0	580	8.4	60	2.1
Inventories written off[(3)]	4	-	1	-	1	*	-	-
Realised loss on foreign exchange	3,366	14.8	-	-	642	9.2	117	4.2
Unrealised loss on foreign exchange	13,879	61.0	-	-	-	-	535	19.0
Loss on changes in fair value of biological assets	913	4.0	-	-	577	8.3	-	-
Bad debts written off[(4)]	251	1.1	94	4.4	-	-	-	-
Miscellaneous	6	*	15	0.8	12	0.2	5	0.2
Impairment loss on investment in former subsidiary	1,222	5.4	-	-	3,191	45.9	-	-
	22,764	**100.0**	**2,122**	**100.0**	**6,948**	**100.0**	**2,813**	**100.0**

Notes:

* Representing less than 0.1%.

(1) Value-added tax expenses comprise the excess value-added input tax paid on purchases from our suppliers, after netting off with the value-added output tax for sales to our customers, more than 3 months were charged to combined statement of comprehensive income.

[2] Property, plant and equipment written off comprise mainly buildings, motor vehicles, plant and machinery and furniture, fittings and office equipment written off due to damage.

[3] Inventories written off comprise damaged spare parts.

[4] Bad debts written off for FYE 2020 and FYE 2021 comprise staff advances of RM0.1 million for each financial year in relation to estate workers who left our Group without clearing the staff advances and a non-refundable deposit of RM0.2 million for the construction of a road which did not materialise after 3 years.

Comparison between FYE 2020 and FYE 2021

Our other expenses decreased by RM20.7 million or 90.8% to RM2.1 million for FYE 2021 (FYE 2020: RM22.8 million), mainly attributable to the following:

(i) our Group recorded an unrealised gain on foreign exchange recognised under other income for FYE 2021 (FYE 2020: unrealised loss on foreign exchange of RM13.9 million), mainly in relation to our USD-denominated borrowings and RM-denominated loans from Metro Kajang (Oversea) and MKH Plantation against IDR. The IDR strengthened against USD and RM (as at 30 September 2021: USD1: IDR14,307 and RM1: IDR3,419; as at 30 September 2020: USD1: IDR14,918 and RM1: IDR3,590);

(ii) our Group recorded a realised gain on foreign exchange recognised under other income for FYE 2021 (FYE 2020: realised loss on foreign exchange of RM3.4 million), mainly in relation to repayments of our USD-denominated borrowings and RM-denominated loan from Metro Kajang (Oversea) against IDR. The IDR strengthened against USD and RM (FYE 2021: USD1: IDR14,296 and RM1: IDR3,505; FYE 2020: USD1: IDR14,982 and RM1: IDR3,624);

(iii) the value-added tax expenses decreased by RM1.0 million to RM1.1 million for FYE 2021 (FYE 2020: RM2.1 million), mainly due to fewer value-added tax expenses expensed out during FYE 2021. Our Group has adopted a strategy to reduce the sales made to our customers from the tax-free zone. Thus, more value-added output taxes were available to offset the value-added input taxes for purchases from our suppliers during FYE 2021; and

(iv) there was no impairment loss on investment in a former subsidiary for FYE 2021 (FYE 2020: RM1.2 million). The investment in a former subsidiary, PT NMJ of RM1.2 million had been fully impaired in FYE 2020 due to its deficit in shareholders' funds, which were a result of recorded losses, with net liabilities position and there being no business plan to turn around its financial performance and financial position. PT NMJ was subsequently disposed to Metro Kajang (Oversea) on 9 January 2023.

Comparison between FYE 2021 and FYE 2022

Our other expenses increased by RM4.8 million or 228.6% to RM6.9 million for FYE 2022 (FYE 2021: RM2.1 million), mainly attributable to the following:

(i) there were impairment loss on investment in a former subsidiary of RM3.2 million for FYE 2022 (FYE 2021: RM Nil), mainly due to further impairment on investment in a former subsidiary, PT NMJ, resulting from the additional capital injection of RM3.2 million during FYE 2022 to repay the advances from MKHOP. PT NMJ was subsequently disposed to Metro Kajang (Oversea) on 9 January 2023;

(ii) our Group recorded a realised loss on foreign exchange of RM0.6 million for FYE 2022 (FYE 2021: realised gain on foreign exchange of RM3.1 million), mainly in relation to the repayments of our USD-denominated borrowings against IDR. The IDR has weakened against USD (FYE 2022: USD1: IDR14,479; FYE 2021: USD1: IDR14,296); and

(iii) our Group recorded a loss on fair value of biological assets of RM0.6 million for FYE 2022 (FYE 2021: gain on fair value of biological assets of RM1.6 million). The fair value measurement of biological assets is valued using the present value of net cash flow expected to be generated from sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell. Loss on changes in fair value of biological assets was mainly due to the lower FFB price at the end of FYE 2022 compared to FYE 2021, which moved in tandem with global prices of CPO.

Comparison between FYE 2022 and FYE 2023

Our other expenses decreased by RM4.1 million or 59.4% to RM2.8 million for FYE 2023 (FYE 2022: RM6.9 million), mainly attributable to the following:

(i) the impairment loss on investment in subsidiary during FYE 2022 of RM3.2 million was one-off. The investment in a former subsidiary, PT NMJ had been fully impaired in FYE 2022. PT NMJ was subsequently disposed to a related party, namely Metro Kajang (Oversea) on 9 January 2023;

(ii) there was no loss on fair value of biological assets for FYE 2023 as our Group recorded gain on fair value of biological assets of RM0.3 million for FYE 2023 (FYE 2022: loss on fair value of biological assets of RM0.6 million). The fair value measurement of biological assets is valued using the present value of net cash flow expected to be generated from sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell. The said gain on changes in fair value of biological assets was mainly due to the higher unharvested FFB, which increased in tandem with the FFB yield;

12. FINANCIAL INFORMATION *(Cont'd)*

(iii) decrease in realised loss on foreign exchange of RM0.5 million to RM0.1 million for FYE 2023 (FYE 2022: RM0.6 million). Such a decrease was primarily due to the realised loss on foreign exchange for FYE 2022 in relation to our USD-denominated borrowings of RM68.8 million as of 30 September 2021 which were fully settled during FYE 2022. The realised loss on foreign exchange for FYE 2023 was mainly in relation to repayments of our RM-denominated loan from Metro Kajang (Oversea) against IDR. The IDR weakened against RM during FYE 2023; and

(iv) decrease in property, plant and equipment written off of RM0.5 million to RM0.1 million for FYE 2023 (FYE 2022: RM0.6 million), mainly due to inoperable plant and machinery being written off in FYE 2022.

Such decrease was partially offset by unrealised loss on foreign exchange of RM0.5 million for FYE 2023 (FYE 2022: unrealised gain on foreign exchange of RM4.5 million), mainly in relation to our RM-denominated loans from Metro Kajang (Oversea) and MKH Plantation as well as USD-denominated borrowings against IDR. The IDR weakened against RM at the end of FYE 2023 (as of 30 September 2023: RM1: IDR3,300 and USD1: IDR15,526 as compared to as of 30 September 2022: RM1: IDR3,281 and USD1: IDR15,247).

(g) Finance costs

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loans[(1)]	4,785	37.9	2,230	28.3	568	9.7	200	4.1
Revolving credit[(1)]	2,416	19.2	971	12.4	675	11.6	-	-
Hire purchase	-	-	-	-	-	-	21	0.5
Amount due to a related company[(2)]	5,404	42.9	4,668	59.3	4,597	78.7	4,611	95.4
	12,605	**100.0**	**7,869**	**100.0**	**5,840**	**100.0**	**4,832**	**100.0**

Notes:

(1) We utilise term loans and revolving credit to fund our plantation development and palm oil mill upgrading and working capital of our operations.

(2) We utilise the loan from Metro Kajang (Oversea) for our working capital to fund our plantation development and palm oil mill upgrading.

12. FINANCIAL INFORMATION *(Cont'd)*

Comparison between FYE 2020 and FYE 2021

Our finance costs decreased by RM4.7 million or 37.3% to RM7.9 million for FYE 2021 (FYE 2020: RM12.6 million), mainly attributable to the net repayments of term loans, revolving credits and loan from Metro Kajang (Oversea) by RM44.2 million, RM21.5 million and RM1.9 million, respectively. In addition, the lower term loan interests for FYE 2021 compared to FYE 2020 was mainly due to full settlement of PT SPS's term loan in September 2021.

Comparison between FYE 2021 and FYE 2022

Our finance costs decreased by RM2.1 million or 26.6% to RM5.8 million for FYE 2022 (FYE 2021: RM7.9 million), mainly attributable to the net repayments of term loans and revolving credits by RM34.3 million and RM32.8 million, respectively during FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our finance costs decreased by RM1.0 million or 17.2% to RM4.8 million for FYE 2023 (FYE 2022: RM5.8 million), mainly attributable to the decrease in term loan interest of RM0.4 million to RM0.2 million for FYE 2023 (FYE 2022: RM0.6 million), primarily due to loan repayments of RM36.5 million made during FYE 2022.

In addition, there was no revolving credit interest for FYE 2023 (FYE 2022: RM0.7 million), due to the full settlement of revolving credit with no further utilisation during FYE 2023.

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(h) PBT and PBT margin

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
PBT (RM'000)	27,606	102,027	73,484	41,299
PBT margin (%)	9.8	33.3	23.3	12.2
PAT (RM'000)	18,690	77,452	60,138	31,254
PAT margin (%)	6.6	25.3	19.0	9.2

Comparison between FYE 2020 and FYE 2021

We recorded an increase in PBT of RM74.4 million or 269.6% for FYE 2021. Our PBT margin improved from 9.8% in FYE 2020 to 33.3% in FYE 2021. The improvement was mainly attributable to higher GP and GP margin for FYE 2021 as explained in Section 12.2.2(b), and a gain on foreign exchange of RM10.9 million in FYE 2021 compared to a loss on foreign exchange of RM17.2 million in FYE 2020.

Correspondingly, we recorded an increase in PAT of RM58.8 million or 314.4% for FYE 2021 and our PAT margin improved from 6.6% in FYE 2020 to 25.3% in FYE 2021. The improvement was mainly attributable to higher PBT and PBT margin for FYE 2021, as explained above and higher tax expenses, as explained in Section 12.2.2(i) below.

Comparison between FYE 2021 and FYE 2022

We recorded a decrease in PBT of RM28.5 million or 28.0% for FYE 2022. Our PBT margin decreased from 33.3% in FYE 2021 to 23.3% in FYE 2022. Such decline was mainly attributable to the following:

(i) lower GP and GP margin recorded for FYE 2022, as explained in Section 12.2.2(b);

(ii) the decrease in net gain on foreign exchange of RM7.0 million in FYE 2022;

(iii) an impairment loss on investment in a former subsidiary, PT NMJ, of RM3.2 million;

(iv) the increase in professional fees of RM2.9 million, primarily due to professional fees and the related expenses incurred for our IPO of RM2.5 million; and

(v) our Group recorded a loss on fair value of biological assets of RM0.6 million for FYE 2022.

Our PAT decreased by RM17.3 million or 22.4% for FYE 2022 and our PAT margin decreased from 25.3% in FYE 2021 to 19.03% in FYE 2022. Such decline was mainly attributable to lower PBT and PBT margin for FYE 2022, as explained above and lower tax expenses, as explained in Section 12.2.2(i) below.

We recorded lower PAT for the second half of FYE 2022, which decreased by RM52.7 million to RM3.7 million as compared to the first half of FYE 2022 of RM56.4 million, and our PAT margin decreased from 33.4% in the first half of FYE 2022 declined to 2.5% in the second half of FYE 2022, primarily due to the following:

(i) lower GP and GP margin recorded for the second half of FYE 2022, as explained in Section 12.2.2(b);

(ii) our Group recorded a loss on fair value of biological assets of RM4.6 million in the second half of FYE 2022 (first half of FYE 2022: gain on fair value of biological assets of RM4.1 million).The said loss on changes in fair value of biological assets of RM4.6 million was mainly due to the lower estimated FFB prices being used in the measurement of biological assets at the end of FYE 2022 as compared to the first half of FYE 2022. The decrease in the estimated FFB prices were in tandem with the decline in the global prices of CPO;

(iii) the increase in net gain on foreign exchange by RM3.6 million to RM3.8 million for the second half of FYE 2022 (first half of FYE 2022: RM0.2 million). The net gain on foreign exchange for the second half of FYE 2022 was mainly in relation to loans from Metro Kajang (Oversea) and MKH Plantation of RM110.3 million as of 30 September 2022 as a result of the strengthening of IDR against RM at the end of FYE 2022 as compared to FYE 2021;

(iv) an impairment loss on investment in a former subsidiary, PT NMJ, of RM3.2 million was made in the second half of FYE 2022;

(v) professional fees and the related expenses incurred for our IPO of RM2.5 million incurred in the second half of FYE 2022;

(vi) management fees increased by RM2.8 million to RM4.6 million in the second half of FYE 2022 (first half of FYE 2022: RM1.8 million), mainly due to the management fees for the second quarter of FYE 2022 being recognised upon finalisation of the billable amount in April 2022; and

(vii) lower tax expenses for the second half of FYE 2022 due to lower PBT recorded for the said period.

Comparison between FYE 2022 and FYE 2023

We recorded a decrease in PBT of RM32.2 million or 43.8% for FYE 2023. Our PBT margin decreased from 23.3% in FYE 2022 to 12.2% in FYE 2023. Such decline was mainly attributable to the lower GP and GP margin recorded for FYE 2023, as explained in Section 12.2.2(b), which was partially narrowed by the absence of the one-off impairment loss on investment in subsidiary for FYE 2023 (FYE 2022: RM3.2 million) and one-off gain on disposal of former subsidiaries, PT NMJ and Restu Mesra, of RM2.9 million for FYE 2023 (FYE 2022: RM Nil).

Our PAT decreased by RM28.9 million or 48.0% for FYE 2023 and our PAT margin decreased from 19.0% in FYE 2022 to 9.2% in FYE 2023. Such decline was mainly attributable to lower PBT and PBT margin for FYE 2023, as explained above and partially offset by the lower tax expenses, as explained in Section 12.2.2(i) below.

(i) Tax expense

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
Tax expense (RM'000)	8,916	24,575	13,346	10,045
Statutory tax rate (%)				
- Malaysia	24.0	24.0	24.0	24.0
- Indonesia(1)	25.0	22.0	22.0	22.0
Effective tax rate (%)(2)	32.3	24.1	18.2	24.3

Notes:

(1) The statutory tax rate of 25.0% for FYE 2020 and 22.0% for FYE 2021, 2022 and 2023 represents the Indonesian national statutory tax rate for companies incorporated in Indonesia.

(2) Our effective tax rate is computed based on our total tax expense over our PBT. As the respective companies within our Group are subjected to the statutory tax rate of the respective jurisdictions, the effective tax rate of our Group will be affected by the statutory tax rates of the respective jurisdictions.

We are subject to income tax at the applicable statutory tax rates in Malaysia and Indonesia, where we have foreign subsidiaries. We assume responsibility for withholding tax on payments to our service providers who are not residents in the relevant country where the services are rendered. We remit such withheld tax to the relevant tax authorities.

Comparison between FYE 2020 and FYE 2021

Our tax expenses increased by RM15.7 million or 176.4% to RM24.6 million for FYE 2021 (FYE 2020: RM8.9 million), mainly attributable to higher PBT recorded for FYE 2021. Our effective tax rate of 24.1% for FYE 2021 was consistent with statutory tax rate of 24.0%.

We recorded higher effective tax rate of 32.3% for FYE 2020, mainly due to non-deductible expenses of RM13.0 million, being largely in relation to an impairment loss on investment in a former subsidiary, CSR expenses and unrealised loss on foreign exchange and restriction on interest being tax deductible, based on prevailing regulations, for PT SPS.

Comparison between FYE 2021 and FYE 2022

Our tax expenses decreased by RM11.3 million or 45.9% to RM13.3 million for FYE 2022 (FYE 2021: RM24.6 million), mainly attributable to lower PBT recorded for FYE 2022.

Our effective tax rate of 18.2% for FYE 2022 was lower than the statutory tax rate, mainly attributable to the following:

(i) the realisation of the deferred tax asset of RM4.2 million from unused tax losses of PT SPS, which were not recognised in prior financial years as it was uncertain that PT SPS would realise a higher taxable profit for which PT SPS can utilise against its unused tax losses; and

(ii) our Indonesian subsidiaries were subject to a lower statutory tax rate of 22.0%.

The abovementioned were partially offset by the following:

(i) there were non-deductible expenses of RM8.8 million, which mainly comprises CSR expenses, an impairment loss on investment in a former subsidiary, professional fees for our IPO, and disallowed staff welfare; and

(ii) there was an underprovision of deferred tax in prior financial years of RM3.8 million arising from the property, plant and equipment.

Comparison between FYE 2022 and FYE 2023

Our tax expenses decreased by RM3.3 million or 24.8% to RM10.0 million for FYE 2023 (FYE 2022: RM13.3 million), mainly attributable to lower PBT recorded for FYE 2023.

Our effective tax rate of 24.3% for FYE 2023 was fairly consistent with statutory tax rate of 24.0%.

Other tax related information

On 4 January 2021, our subsidiary, namely PT MKH received a Notice of Tax Overpaid Assessment from the Indonesia's Director General of Tax ("**DGT**") amounting to IDR29,816 million (equivalent to RM8.7 million) for the year of assessment 2019.

On 1 April 2021, PT MKH filed an objection letter in reply to the above Notice of Tax Overpaid Assessment, as our management are of the opinion that, PT MKH should have a tax refund amounting to IDR35,281 million (equivalent to RM10.3 million). DGT has restricted the claim on the management fee incurred by PT MKH amounted to IDR21,855 million (equivalent to RM6.4 million) where the excess tax payment of IDR5,464 million (equivalent to RM1.6 million) shall not be refunded. Such restriction from DGT arose as DGT is of the view that no economic benefits have actually been provided pursuant to the management services that are in accordance with the needs of PT MKH.

	RM'000
Tax refund based on Notice of Tax Ovepaid Assessment from the DGT for year of assessment 2019	8,677
Tax refund based on our management's computation	10,267
Shortfall of tax refund	**[1](1,590)**

Note:

[1] The shortfall of tax refund of RM1.6 million was derived based on the management fee incurred by PT MKH for FYE 2019 amounted to IDR21,855 million (equivalent to RM6.4 million) and the statutory tax rate for year of assessment 2019 of 25.0%, of which our management is of the opinion that PT MKH's total tax refund should be RM10.3 million instead of RM8.7 million.

On 24 December 2021, the objection letter has been rejected by the tax appeal office in Balikpapan, Indonesia.

On 18 March 2022, PT MKH filed an appeal to the tax court in Jakarta, Indonesia. On 24 August 2022, PT MKH received a notice of tax hearing from Jakarta's tax court to attend the said appeal on 7 September 2022. The Jakarta's tax court had requested PT MKH to provide additional analysis and a summary report for the tax assessment during the tax hearings on 7 September 2022, 5 October 2022, 9 November 2022, 7 December 2022, 25 January 2023, 22 February 2023, 29 March 2023 and 17 May 2023. As at LPD, the Jakarta's tax court has yet to make a conclusion on our appeal to the aforementioned.

In the event that PT MKH is unable to defend the tax appeal, the pro forma impact to our Group's financial performance for FYE 2023 is as follows:

Management fee	**Statutory tax rate for year of assessment 2019**	**Potential tax expenses**
RM'000	**(%)**	**RM'000**
6,360	25.0	[(1)]1,590
As a % of PAT for FYE 2023		5.1%
As a % of NA as at 30 September 2023		0.5%

Note:

(1) The potential tax expenses of RM1.6 million will be charged to profit or loss for the financial year under review in the event that PT MKH is unable to defend the tax appeal. However, there is no probability of cash outflow by PT MKH pursuant to the tax appeal as there was an overpayment of RM1.6 million in tax expenses by PT MKH which were recognised as tax assets in the financial statements of PT MKH. Hence, with the overpaid taxes, our Group is not potentially liable in anyway whatsoever, to make any further tax payments to DGT.

Based on consultation with the local tax experts, our Board is of the opinion that PT MKH has a valid defence against DGT's assessment on the grounds that PT MKH does not have any experts who have skills and experience in the field of oil palm plantation and mill operations at that point in time, and therefore it was deemed necessary for PT MKH to outsource the management services function to MKH Resources Sdn Bhd. These are the grounds for PT MKH's appeal to the tax court in Jakarta, Indonesia. Hence, PT MKH has not made any adjustment in respect of the tax assessment in the financial statements of PT MKH. The potential tax expenses of RM1.6 million was not recognised as contingent liabilities as there is no probability of cash outflow by PT MKH pursuant to the tax appeal as there was an excess of tax payment of RM1.6 million for the year of assessment 2019, of which the excess tax payment is a refundable tax payment subject to the outcome of the tax appeal, as explained in Note (1) above. For avoidance of doubt, the relevant key management personnel with expertise have now been appointed in our Group. Accordingly, PT MKH has not made any adjustments in respect of the tax assessment in the combined financial statements of our Group and PT MKH.

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12.2.3 Review of financial position

(a) Assets

	Audited			
	As at 30 September			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	325,380	320,711	317,111	312,099
Prepaid lease payment	20,878	20,342	19,933	19,024
Goodwill on consolidation	4,901	5,147	5,340	6,077
Investment in former subsidiaries	*	*	50	-
Receivables, deposits and prepayments[1]	1,999	2,187	1,391	1,823
Total non-current assets	353,158	348,387	343,825	339,023
Current assets				
Inventories	30,062	44,975	67,714	40,817
Biological assets	4,233	6,177	5,917	6,231
Receivables, deposits and prepayment	36,173	22,898	15,395	22,853
Current tax assets	6,353	-	3,910	8,837
Cash and bank balances	36,250	57,465	42,014	73,896
Total current assets	113,071	131,515	134,950	152,634
Total assets	**466,229**	**479,902**	**478,775**	**491,657**

Notes:

* Representing less than RM1,000.

(1) The breakdown of receivables, deposits and prepayments classified as non-current assets are as follows:

	Audited			
	As at 30 September			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Other receivable[a]	1,035	1,087	12	11
Prepayment[b]	964	1,100	1,379	1,812
	1,999	**2,187**	**1,391**	**1,823**

(a) Other receivable represents amounts due from the Plasma Farmers from Indonesia arising from the development costs of the plantations for small landholders. In accordance with the Indonesian Government policy, our subsidiaries, PT MKH and PT SPS, assume the responsibilities for developing plantations for Plasma Farmers in addition to their own plantation. The said subsidiaries are also required to provide training and supervise the Plasma Farmers and purchase the FFB from the Plasma Farmers at the prices determined by the Indonesian Government. The amounts are unsecured, interest-free, have no fixed term in repayment and are to be settled not within one year. The amounts owing will be repaid progressively via offset partially against the purchase of FFB from the Plasma Farmers.

(b) Comprise prepayment for seedlings cultivation in the nursery located in the plantation estates for about 9 to 12 months before they are ready to be transplanted to our plantation estates or sold to small local planters under the Plasma Programme. It will be charged to profit or loss when plantation estates allocate the seedlings to the fields.

Comparison between 30 September 2020 and 30 September 2021

Our total assets increased by RM13.7 million or 2.9% to RM479.9 million as at 30 September 2021 (as at 30 September 2020: RM466.2 million).

Our non-current assets decreased by RM4.7 million, mainly attributable to our property, plant and equipment decreased by RM4.7 million. Such a decrease was a result of (i) depreciation charges of RM30.3 million; (ii) upward effect from changes in the exchange rate of RM15.8 million; and (iii) the purchase of property, plant and equipment of RM10.1 million which primarily comprises plant and machinery of RM3.5 million and construction of plantation infrastructure and immature plantation area of RM5.9 million during FYE 2021.

The increase in current assets of RM18.4 million was mainly attributable to the net effects of the following:

(i) increase in cash and bank balances of RM21.2 million, mainly due to improved internally generated funds from our business operations;

(ii) the increase in inventories of RM14.9 million, mainly due to accumulation of plantation consumables such as spare parts to avoid a shortage resulting from the interruption of the global supply chain due to the COVID-19 pandemic and for stockpiling for immediate repair as the delivery of spare parts might take more than 6 months, and increased CPO inventories resulting from higher fair value of CPO and closing inventory which increased by 2,808MT of which 2,500MT of CPO was subsequently contracted and delivered in October, which supposed to be contracted in September 2021;

(iii) the increase in biological assets of RM1.9 million, mainly due to the rise in its fair value, which is measured using the present value of net cash flows expected to be generated from the sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell;

(iv) the decrease in receivables, deposits and prepayment of RM13.3 million, mainly due to the net effects of the following:

(aa) the decrease in trade receivables of RM14.9 million, mainly contributed by no outstanding trade receivables from the trading segment following the cessation of our building materials trading business effective from 1 January 2021;

(bb) the decrease in other receivables of RM4.0 million, mainly contributed by the value-added input taxes available to offset against future value-added output taxes declined by RM1.4 million, resulting from lower CPO sold to customers from the free tax zone. In addition, advances to the Plasma Farmers to develop plantations for the Plasma Farmers decreased by RM2.8 million;

(cc) deposits increased by RM4.3 million, mainly contributed by the deposit of RM2.7 million paid to secure the supply of fertiliser, and a deposit of RM1.2 million paid to secure the purchase of plant and machinery for the usage of our estate and spare parts to avoid shortage of supplies resulting from interruption of COVID-19 pandemic;

(dd) prepayments increased by RM1.1 million, mainly contributed by the expenses incurred for our IPO of RM1.2 million, which were still on-going as of 30 September 2021; and

(v) the decrease in current tax assets of RM6.4 million, mainly due to the lower tax estimation for the year of assessment 2021.

Comparison between 30 September 2021 and 30 September 2022

Our total assets decreased by RM1.1 million or 0.2% to RM478.8 million as at 30 September 2022 (as at 30 September 2021: RM479.9 million).

Our non-current assets decreased by RM4.6 million, mainly attributable to the following:

(i) the decrease in property, plant and equipment of RM3.6 million, primarily due to (i) depreciation charges of RM30.4 million; (ii) upward effect from changes in the exchange rate of RM11.3 million; and (iii) the purchase of property, plant and equipment of RM16.1 million, which comprised mainly plant and machinery of RM8.7 million, construction of plantation infrastructure and immature plantation area of RM3.9 million, furniture, fittings and office equipment of RM1.9 million and motor vehicles of RM1.6 million;

(ii) the lower receivables, deposits and prepayments of RM0.8 million, mainly attributable to the net effect of the following:

(aa) decrease in the amount due from the Plasma Farmers to develop plantations for the Plasma Farmers of RM1.1 million, mainly due to the reclassification of the amount due for payment within 1 year from non-current assets to current assets following the commencement of the harvesting period of the Plasma Farmers' plantations; and

(bb) increase in prepayment of RM0.3 million for seedlings cultivation in the nursery located in the plantation estates for about 9 to 12 months before they are ready to be transplanted to our plantation estates or sold to small local planters under the Plasma Programme.

The increase in current assets of RM3.4 million, mainly attributable to the net effect of the following:

(i) inventories increased by RM22.7 million, mainly due to the increase in fertiliser by RM8.1 million primarily resulting from (a) the higher inventory levels for urea and rock phosphate, which were received in September 2022 to avoid the supply shortage of fertiliser; (b) fertiliser costs increased by RM501 per MT from RM1,420 per MT for FYE 2021 to RM1,920 per MT for FYE 2022, resulting from the shortage of supply due to the conflict between Russia and Ukraine; and (c) the increase in CPO and PK inventories by RM12.4 million was primarily due to higher volume for CPO and PK of 3,192MT and 940MT respectively as at 30 September 2022, of which 3,000MT of CPO with 90.0% downpayment duly paid was only collected by the customer on 5 October 2022 and the 1,200MT of PK which were contracted in the last quarter of FYE 2022 was only collected by the customer in November 2022 as the customer's PK crushing plant was under major maintenance in the last quarter of 2022; and

(ii) the current tax assets increased by RM3.9 million, mainly due to the higher tax estimation for year of assessment 2022.

The above increases were partially offset by the following decreases:

(i) The decrease in cash and bank balances of RM15.5 million was mainly due to (a) the net repayments of term loans of RM34.2 million, revolving credits of RM32.8 million and the related interests of RM5.8 million during FYE 2022; and (b) the tax payments of RM39.5 million for (b)(i) the final tax assessment for FYE 2021 of RM18.2 million upon finalisation during FYE 2022; and (b)(ii) estimated tax instalments of RM21.3 million paid for FYE 2022. Such payments were offset by the internally generated funds from our business operations;

(ii) the decrease in receivables, deposits and prepayment of RM7.5 million, mainly due to the following:

    (aa) the decrease in trade receivables of RM2.2 million was primarily attributable to lower sales from the plantation segment in the last quarter of FYE 2022;

    (bb) the decrease in the amount owing from a former subsidiary, PT NMJ, of RM2.8 million was attributable to repayment during FYE 2022; and

    (cc) deposits decreased by RM2.7 million, mainly attributable to less deposits paid to secure fertiliser supply.

Comparison between 30 September 2022 and 30 September 2023

Our total assets increased by RM12.9 million or 2.7% to RM491.7 million as at 30 September 2023 (as at 30 September 2022: RM478.8 million). Such an increase was mainly attributable to the increase in current assets by RM17.7 million, which was offset by the decrease in non-current assets of RM4.8 million.

The increase in current assets of RM17.7 million was mainly attributable to the net effects of the following:

(i) the increase in cash and bank balances of RM31.9 million, which derived primarily from the internally generated funds from our business operations;

(ii) the increase in receivables, deposits and prepayment of RM7.5 million was mainly due to the net effects of the following:

(aa) the increase in other receivables of RM7.8 million, mainly contributed by the value-added input taxes available to offset against future value-added output taxes increased by RM8.6 million, resulting from higher CPO sold to customers from the free tax zone. The amount will be claimable after FYE 2023. Such increase was partially offset by the decrease in receivables from employees of RM0.8 million, mainly due to repayment by employees via monthly salary deductions;

(bb) the decrease in the amount owing from a former subsidiary, PT NMJ, of RM3.2 million was attributable to repayment received during FYE 2023;

(cc) the increase in prepayments of RM1.8 million was mainly due to our prepaid IPO expenses incurred during FYE 2023;

(dd) the increase in trade receivables of RM0.8 million was primarily attributable to higher sales made towards the last quarter of FYE 2023 as compared to the last quarter of FYE 2022; and

(iii) the current tax assets increased by RM4.9 million, mainly due to the higher tax estimation for the year of assessment 2023 following higher profit in FYE 2022.

The above increases were partially offset by the decrease in inventories by RM26.9 million, mainly due to the net effects of the following:

(i) the decrease in CPO and PK inventories of RM13.9 million, primarily due to the customer's late collection of 3,000MT of CPO with 90.0% downpayment duly paid as at 30 September 2022, which were subsequently collected by the customer on 5 October 2022, as well as the 1,200MT of PK which were contracted in the last quarter of FYE 2022, which were only collected by the customer in November 2022 and recognised as revenue during FYE 2023;

(ii) the decrease in fertiliser of RM13.9 million was primarily due to more fertiliser applied for FYE 2023 as there was heavy rainfall from the La Nina phenomenon in FYE 2022, which was less suitable to apply fertiliser; and

(iii) the increase in plantation consumables of RM0.9 million was primarily due to increase in purchases of spare part for mill repair and maintenance for machinery.

Our non-current assets decreased by RM4.8 million, mainly attributable to the decrease in property, plant and equipment of RM5.0 million, primarily due to (i) depreciation charges of RM32.7 million; (ii) the downward effect from changes in the exchange rate of RM0.7 million; and (iii) the purchase of property, plant and equipment of RM28.5 million, which comprised mainly plant and machinery of RM7.4 million, construction of buildings, plant and machinery of RM16.5 million, furniture, fittings and office equipment of RM0.9 million and motor vehicles of RM3.7 million.

(b) Liabilities

	Audited			
	As at 30 September			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current liabilities				
Provisions	16,655	15,211	15,706	18,784
Payables and accruals	62,457	59,517	31,327	3,422
Loan and borrowings	54,451	22,269	2,317	-
Deferred tax liabilities	7,235	9,726	5,802	3,486
Hire purchase liabilities	-	-	-	457
Total non-current liabilities	140,798	106,723	55,152	26,149
Current liabilities				
Payables and accruals	123,777	98,936	142,664	149,080
Loan and borrowings	76,769	46,499	-	2,360
Hire purchase liabilities	-	-	-	119
Current tax liabilities	109	16,372	10	-
Total current liabilities	200,655	161,807	142,674	151,559
Total liabilities	**341,453**	**268,530**	**197,826**	**177,708**

Comparison between 30 September 2020 and 30 September 2021

Our total liabilities decreased by RM73.0 million or 21.4% to RM268.5 million as at 30 September 2021 (as at 30 September 2020: RM341.5 million), mainly attributable to the decrease in loans and borrowings of RM62.5 million due to the repayment of term loans of RM58.6 million and revolving credits of RM21.5 million, after netting the drawdown of term loans of RM14.4 million for our Group's working capital purposes.

The above decrease was also contributed by lower payables and accruals of RM27.8 million, mainly attributable to the net effects of the following:

(i) net repayments to related companies of RM20.0 million;

(ii) decrease in trade payables of RM12.6 million and the amount due to MKH Building Materials Sdn Bhd, a related company (trade-in nature) of RM1.4 million, both were mainly due to lower outstanding balances arising from the purchase of building materials for our trading business as our Group had ceased the building materials trading business effective from 1 January 2021;

(iii) increase in accruals of RM4.4 million, mainly due to the increase in accrued salaries by RM1.0 million, and the accrued CSR payable to Plasma Farmers; and

(iv) other payables increased by RM2.0 million, mainly due to the higher amounts owing to spare parts suppliers for the powered wheelbarrow and farm ATV in which the goods were received but pending receiving invoices.

The abovementioned decreases were partially offset by the increase in current tax liabilities of RM16.3 million, mainly due to the higher tax expenses resulting from higher profits recorded for FYE 2021.

Comparison between 30 September 2021 and 30 September 2022

Our total liabilities decreased by RM70.7 million or 26.3% to RM197.8 million as at 30 September 2022 (as at 30 September 2021: RM268.5 million), mainly attributable to the decrease in loans and borrowings of RM66.5 million due to the repayment of term loans of RM36.5 million and revolving credits of RM32.8 million, after netting the drawdown of term loans of RM2.3 million for working capital purposes.

In addition, such a decrease was also contributed by the current tax liabilities decreased by RM16.4 million, mainly attributable to final tax assessment for FYE 2021 of RM18.2 million being paid upon finalisation during FYE 2022, amounting to RM18.2 million.

The abovementioned decreases were partially offset by the increase in payables and accruals of RM15.5 million, mainly attributable to the net effects of the following:

(i) net repayments to Metro Kajang (Oversea) of RM3.4 million;

(ii) increase in trade payables of RM3.9 million due to higher amounts owing to fertiliser suppliers for the plantation consumables accumulated in September 2022 to avoid the supply shortage of fertiliser resulting from the conflict between Russia and Ukraine;

(iii) the increase in downpayment from our CPO and PK customers of RM11.4 million was mainly in relation to a 90.0% downpayment by a customer for 3,000MT CPO that subsequently collected by the customer on 5 October 2022; and

(iv) increase in other payables of RM4.2 million due to (a) overpayment from a CPO customer of RM3.1 million, which was subsequently refunded to the said customer on 25 October 2022; and (b) higher amount owing to suppliers for diesel and petrol received before 30 September 2022.

Comparison between 30 September 2022 and 30 September 2023

Our total liabilities decreased by RM20.1 million or 10.2% to RM177.7 million as at 30 September 2023 (as at 30 September 2022: RM197.8 million), mainly attributable to the following:

(i) the decrease in payables and accruals of RM21.5 million was primarily due to the net effects of the following:

  (aa) the decrease in trade payables of RM9.3 million was mainly due to the lower purchase of fertilisers towards the end of FYE 2023 as compared to FYE 2022;

  (bb) the decrease in downpayment from our CPO and PK customers of RM6.2 million was mainly due to a deposit of RM9.2 million received in September 2022 for sales secured in September 2022 that were subsequently delivered and recognised as revenue in FYE 2023, and the said decrease was partially narrowed by a deposit of RM3.9 million received for 1,500MT CPO that were subsequently collected by the customer on 13 October 2023;

  (cc) the decrease in other payables of RM6.1 million was mainly due to the refund of RM3.1 million to a CPO customer who overpaid in FYE 2022 and payment to spare parts and construction suppliers carried from FYE 2022;

  (dd) net repayments to MKH Resources of RM5.5 million;

(ee) net interest payables to Metro Kajang (Oversea) of RM2.1 million;

(ff) the increase in accruals of RM3.2 million was mainly due to higher accrued CSR payable to Plasma Farmers and higher purchase of FFB from Plasma Farmers towards the end of FYE 2023 as compared to FYE 2022 as a result of the higher FFB produced; and

(ii) the decrease in deferred tax liabilities of RM2.3 million was mainly due to the decline in taxable temporary difference arising from the realisation of the fair value of opening inventory in FYE 2023.

The above decreases were partially offset by the following:

(i) increase in provisions of RM3.1 million was mainly due to higher provision for employment benefits obligations for FYE 2023, primarily due to increase in staff headcount to 3,647 as of 30 September 2023 as compared to 3,310 as of 30 September 2022; and

(ii) the hire purchase liabilities of RM0.6 million were related to the additional two units of motor vehicles acquired under hire purchase arrangements during FYE 2023.

12.2.4 Review of cash flows

The table below sets out the summary of our historical audited combined statements of cash flows for FYE 2020 to 2023.

Our cash and cash equivalents are primarily held in IDR and some in USD and RM. Where cash is held in foreign currencies, there may be an exchange rate fluctuation effect on the cash held.

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	77,243	98,384	65,643	51,340
Net cash used in investing activities	(9,195)	(10,312)	(16,553)	(21,771)
Net cash used in financing activities	(58,937)	(65,268)	(55,676)	(89)
Net increase/(decrease) in cash and cash equivalents	9,111	22,804	(6,586)	29,480
Cash and cash equivalents at the beginning of the financial year	18,487	23,586	47,205	42,014
Effect of exchange rate changes on the balance of cash held in foreign currencies	(4,012)	815	1,395	2,402
Cash and cash equivalents at the end of the financial year	**23,586**	**47,205**	**42,014**	**73,896**
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	36,250	57,465	42,014	73,896
Less: Deposits and bank balances pledged with financial institutions for credit facilities	(12,664)	(10,260)	-	-
	23,586	**47,205**	**42,014**	**73,896**

FYE 2020

Net cash for operating activities

Our Group recorded a net cash inflow from operating activities of RM77.2 million. We collected RM277.1 million, mainly attributable from the following:

(a) collections of RM262.6 million from our customers;

(b) fixed deposit interests of RM0.5 million;

(c) refund of income tax of RM5.2 million from Indonesia's Directorate General of Taxes; and

(d) other income of RM8.8 million mainly from selling sludge oil and FFB.

The above collections were partially offset by cash payments of RM199.9 million in respect of the following:

(a) payments of RM105.3 million to our suppliers;

(b) payments for staff and labour-related costs and other operating expenses of RM55.5 million and RM19.7 million respectively;

(c) interests paid for term loans of RM5.0 million, revolving credits of RM2.4 million and amount due to Metro Kajang (Oversea) of RM5.4 million;

(d) payment of income tax of RM5.9 million paid to Indonesia's Directorate General of Taxes; and

(e) retirement benefit obligation paid to retired employees of RM0.7 million.

Net cash for investing activities

Our Group recorded a net cash outflow of RM9.2 million from investing activities, mainly attributable to the cash payments for the construction of plantation infrastructure, which comprised mainly staff quarters; and immature plantation area, which comprised the costs of developing and maintaining the new planting area and will be subsequently reclassified to bearer plants once it is matured, all of which amounts to RM4.7 million, the purchase of plant and machinery of RM4.2 million which are mainly for the estate cultivation and mill production and the purchase of furniture fittings and office equipment of RM0.3 million.

Net cash for financing activities

Our Group recorded a net cash outflow of RM58.9 million from financing activities, mainly attributable to:

(a) drawdowns of term loans of RM28.4 million and revolving credits of RM6.3 million, bearing lower interest rates to refinance our existing term loans and revolving credits and for working capital purposes;

(b) additional deposits and bank balances pledged as securities for term loans of RM0.3 million;

(c) repayments of term loans of RM82.3 million and revolving credits of RM13.4 million; and

(d) Loan received from Metro Kajang (Oversea) of RM2.4 million for the purchase of powered wheelbarrow and farm ATV.

FYE 2021

Net cash for operating activities

Our Group recorded a net cash inflow from operating activities of RM98.4 million. We collected RM335.5 million, mainly attributable from the following:

(a) collections of RM321.2 million from our customers;

(b) fixed deposit interests of RM0.7 million;

(c) refund of income tax of RM8.7 million from Indonesia's Directorate General of Taxes, resulting from tax overpaid in FYE 2019 due to higher tax estimation for the year of assessment 2019; and

(d) other income of RM4.9 million, mainly from the selling sludge oil and FFB.

The above collections were partially offset by cash payments of RM237.1 million in respect of the following:

(a) payments of RM135.6 million to our suppliers;

(b) payments for staff and labour-related costs and other operating expenses of RM59.9 million and RM22.9 million respectively;

(c) interests paid for term loans of RM2.2 million, revolving credits of RM1.0 million and amount due to Metro Kajang (Oversea) of RM4.7 million;

(d) payments of income tax of RM9.3 million paid to Indonesia's Directorate General of Taxes; and

(e) retirement benefit obligation paid to the retired employees of RM1.5 million.

Net cash for investing activities

Our Group recorded a net cash outflow of RM10.3 million from investing activities, mainly attributable to the cash payment for the construction of plantation infrastructure, which comprised primarily staff quarters and immature plantation area of RM5.8 million, which included the costs of developing and maintaining the new planting area and will be subsequently reclassified to bearer plants once it is matured and the purchase of plant and machinery of RM3.5 million, furniture, fittings and office equipment of RM0.5 million and motor vehicles and plantation infrastructure of RM0.2 million. In addition, there was an advance to a former subsidiary, PT NMJ, of RM0.3 million for its administrative expenses, such as staff costs and professional fees.

Net cash for financing activities

Our Group recorded a net cash outflow of RM65.3 million from financing activities, mainly attributable to the following:

(a) drawdowns of term loans of RM14.4 million for working capital purposes;

(b) deposits and bank balances released as securities for term loans of RM2.4 million;

(c) repayments of term loans of RM58.6 million and revolving credits of RM21.5 million; and

(d) repayment of loan from Metro Kajang (Oversea) of RM1.9 million.

FYE 2022

Net cash for operating activities

Our Group recorded a net cash inflow from operating activities of RM65.6 million. We collected RM331.4 million mainly from the following:

(a) collection of RM329.4 million from our customers;

(b) fixed deposit interests of RM0.7 million; and

(c) other income of RM1.3 million mainly from the selling of sludge oil, scrap and management fees received from the Plasma Farmers for the services we rendered to them, such as planting consultation and management services.

The above collections were partially offset by cash payments of RM265.8 million in respect of the following:

(a) payments of RM124.3 million to our suppliers;

(b) payments for staff and labour-related costs and other operating expenses of RM70.5 million and RM23.7 million respectively;

(c) interests paid for term loans of RM0.5 million, revolving credits of RM0.7 million and amount due to Metro Kajang (Oversea) of RM4.6 million;

(d) payments of income tax of RM39.5 million to Indonesia's Directorate General of Taxes; and

(e) retirement benefit obligation paid to the retired employees of RM2.0 million.

Net cash for investing activities

Our Group recorded a net cash outflow of RM16.6 million from investing activities, mainly attributable to the cash payment for the construction of plantation infrastructure, which comprised primarily staff quarters and immature plantation area of RM3.9 million, which comprised the costs of developing and maintaining the new planting area and will be subsequently reclassified to bearer plants once it is matured, the purchase of plant and machinery of RM8.7 million, furniture, fittings and office equipment of RM1.9 million and motor vehicles of RM1.6 million. In addition, there were subscriptions of shares in former subsidiaries, i.e. PT NMJ of RM3.2 million to regularise its deficit shareholder's funds position and Restu Mesra of RM0.1 million for the acquisition of the non-controlling interests, and repayment from a former subsidiary, PT NMJ, of RM2.8 million to PT MKH for advances to PT NMJ to finance its operating expenses.

Net cash for financing activities

Our Group recorded a net cash outflow of RM55.7 million from financing activities, mainly attributable to:

(a) deposits and bank balances released as securities for term loans of RM10.2 million;

(b) drawdowns of term loans of RM2.3 million for working capital purposes;

(c) repayments of term loans of RM36.5 million and revolving credits of RM32.8 million; and

(d) Loan received from Metro Kajang (Oversea) of RM1.1 million for our working capital purposes, such as professional fees and related expenses incurred for our IPO and cost incurred for office renovation of MKHOP.

FYE 2023

Net cash for operating activities

Our Group recorded a net cash inflow from operating activities of RM51.3 million. We collected RM335.8 million, mainly attributable from the following:

(a) collections of RM331.0 million from our customers;

(b) interests from bank balances of RM0.8 million; and

(c) other income of RM4.0 million mainly from the selling of sludge oil, scrap, management fee and insurance compensations received.

The above collections were partially offset by cash payments of RM284.5 million in respect of the following:

(a) payments of RM158.2 million to our suppliers;

(b) payments for staff and labour-related costs and other operating expenses of RM80.8 million and RM21.6 million respectively;

(c) interests paid for term loans, hire purchase and amount due to Metro Kajang (Oversea) of RM4.8 million;

(d) payment of income tax of RM17.3 million to Indonesia's Directorate General of Taxes; and

(e) retirement benefit obligation paid to retired employees of RM1.8 million.

Net cash for investing activities

Our Group recorded a net cash outflow of RM21.8 million from investing activities, mainly attributable to the construction of building and plant and machinery of RM16.5 million, the purchase of plant and machinery of RM7.4 million, furniture, fittings and office equipment of RM0.9 million and motor vehicles of RM3.1 million.

The above cash outflows were narrowed by the repayments from a former subsidiary, PT NMJ, of RM3.2 million and proceeds from the disposal of former subsidiaries, PT NMJ and Restu Mesra, of RM2.9 million to a related party, Metro Kajang (Oversea) on 9 January 2023.

Net cash for financing activities

Our Group recorded a net cash outflow of RM0.09 million from financing activities, mainly attributable to the payments of hire purchase for the purchase of motor vehicles.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions and existing cash and bank balances. Our facilities from financial institutions comprise term loans and revolving credits.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board confirms that we have sufficient funds for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(a) Our cash and cash equivalent of RM93.6 million as at LPD;

(b) Our expected future cash flows from operations;

(c) Our total banking facilities as at LPD of RM68.9 million; and

(d) Our pro forma gearing level of 0.005 times, computed based on our pro forma combined statements of financial position as at 30 September 2023 after the Acquisition of PT MKH, Acquisition of PT SPS, acquisition of Hala Maju, Capitalisation, Public Issue and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. This measure has proven to be effective while maintaining a cordial relationship with our customers.

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12.4 BORROWINGS

All of our borrowings are interest-bearing and denominated in USD and RM. Our total outstanding borrowings as at 30 September 2023 stood at RM2.9 million, which included USD-denominated term loan of RM2.4 million (equivalent to USD0.5 million), details of which are set out below:

	Purpose	Security	Tenure of the facility	Effective interest rate	As at 30 September 2023
				%	RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Unsecured term loan	To finance and/or reimburse the purchase of machineries for plantation estate and equipment for palm oil mill, capital expenditure and for general working capital requirement	Supported by corporate guarantee of the Company	5 years	7.8%	2,360
Secured hire purchase	To finance the purchase of motor vehicles	Secured by assets purchased through the hire purchase arrangements	5 years	2.3% to 2.4%	119
					2,479
Interest bearing long-term borrowings, payable after 1 year:					
Secured hire purchase	To finance the purchase of motor vehicles	Secured by assets purchased through the hire purchase arrangements	5 years	2.3% to 2.4%	457
					457
Total borrowings					**2,936**
Gearing (times)					
After Pre-IPO Reorganisation but before Public Issue and utilisation of proceeds[(1)]					<0.1
After Public Issue and utilisation of proceeds[(2)]					<0.1

Notes:

(1) Computed based on our pro forma total equity of RM445.2 million in the pro forma combined statements of financial position after the Pre-IPO Reorganisation but before Public Issue and utilisation of proceeds.

(2) Computed based on our pro forma total equity of RM563.2 million in the pro forma combined statements of financial position after Public Issue and utilisation of proceeds.

As at LPD, we did not utilise our revolving credit facility and we do not have any borrowings which are non-interest bearing.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2020 to 2023 and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During FYE 2020 to 2023, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

12.5 LOANS AND AMOUNTS OWING FROM/TO RELATED COMPANIES

All of our loans from related companies are unsecured and denominated in RM. Our total outstanding loans and amounts owing from/to related companies as at 30 September 2023 stood at RM121.2 million, details of which are set out below:

	Purpose	Term	Effective interest rate	As at 30 September 2023
			%	RM'000
Short-term loans and other amounts owing, payable within 1 year:				
Loan from Metro Kajang (Oversea)	Plantation development, construction of new mill and mill upgrading	Unsecured and repayable by 19 quarterly instalments commencing from June 2020	7.0	(3)56,289
Amount owing to/by related company(ies)	Interest payable, management fee and working capital	Unsecured, interest-free and repayable on demand	N/A	(1)53,110
Loan from Metro Kajang (Oversea)	Working capital	Unsecured and repayable on demand	5.8	(2)8,408
				117,807
Long-term loan, payable after 1 year:				
Loan from Metro Kajang (Oversea)	Plantation development, construction of new mill and mill upgrading	Unsecured and repayable by 19 quarterly instalments commencing from June 2020	7.0	(3)3,422
Total loans from related companies				**121,229**

Notes:

(1) Comprising amounts owing to related companies (including interest-free loan and other repayables) as well as an amount owing by a related company totalling RM53.1 million, as follows:

		RM'000
Amount owing to MKH Plantation		
MKH Plantation	Loan made by MKH Plantation to PT SPS	55,487
	Foreign exchange translation	182
		55,669
Amount owing to other related companies		
Metro Kajang (Oversea)	Interest payable	(2)228
Laju Jaya	Reimbursable electricity expenses	1
		55,898
Amount owing from a related company		
Metro Kajang (Oversea)	Reimbursable value added tax	(3)(2,954)
	Foreign exchange translation	166
		53,110

For reference, the amount of RM55.5 million (excluding foreign exchange translation for reporting purposes) owing to MKH Plantation is novated to our Company pursuant to the PT SPS Debt Novation and capitalised pursuant to the Capitalisation. Please refer to Section 6.2.4(b) for details of the Capitalisation with respect to this amount. The remaining balance of RM30.0 million will be settled via proceeds from our IPO as detailed in Section 4.9.1(g).

(2) Outstanding balance excluding interest payable of RM0.2 million. For reference, the partial amount of RM8.5 million including interest payable is capitalised pursuant to the Capitalisation. Please refer to Section 6.2.4(c) for details of the Capitalisation with respect to this amount. The balance of RM0.1 million will be paid via internally generated fund.

(3) For reference, these partial amounts owing from and to Metro Kajang (Oversea) totalling RM55.0 million (excluding foreign exchange translation for reporting purposes) were novated to our Company pursuant to the PT MKH Debt Novation and capitalised pursuant to the Capitalisation. Please refer to Section 6.2.4(a) for details of the Capitalisation with respect to this amount. The balance of RM1.7 million will be paid via internally generated fund.

All loans from related parties (save for the interest-free loan by MKH Plantation) were transacted on an arm's length basis. The provision of such loans will not recur after our Listing. Additionally, all amounts owing to related parties not already capitalised pursuant to the Capitalisation as mentioned above arose from the ordinary course of business, and have been duly repaid as at LPD, other than the amount payable to MKH Plantation of RM30.0 million which will be settled via proceeds from our IPO as detailed in Section 4.9.1(g).

12.6 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at LPD, save as disclosed in Section 12.4 above, we do not have nor utilise any other financial instruments. We finance our operations mainly through cash generated from our operations, credit extended by our suppliers and external sources of funds comprising borrowings. The principal usages of these bank borrowings are for working capital, plantation development, mill upgrading and for purchase of machineries for plantation estate and equipment for palm oil mill.

Save for our hire purchase which carry fixed interest rates, all other borrowings bear variable interest rates based on the bank's cost of fund rate plus a rate, which varies depending on the different types of bank facilities.

12.7 MATERIAL CAPITAL COMMITMENTS

As at LPD, our Group has committed to RM25.4 million capital expenditure comprising the purchase of buildings (including the construction of staff quarters, boiler house and PK crushing facility) and plant and machineries for our business operations, which will be financed by our internally generated funds and/or proceeds from the Public Issue.

The material capital commitments as at LPD are as follows:

	As at LPD
	RM'000
Approved but not contracted for:	
- Buildings[(1)]	5,555
- Plants and machinery[(2)]	15,977
	21,532
Approved and contracted for:	
- Buildings[(3)]	586
- Plants and machinery[(4)]	3,241
	3,827
	25,359

Notes:

(1) RM2.9 million to be funded through internally generated funds and the balance of RM2.7 million to be funded by the proceeds from the Public Issue allocated for capital expenditures for refurbishment and construction of workers/staff housing quarters.

(2) RM10.9 million to be funded through internally generated funds and the balance of RM5.1 million to be funded by the proceeds from the Public Issue allocated for refurbishment and/or upkeep of existing palm oil mill and capital expenditures for existing plantation lands.

(3) RM0.3 million to be funded through internally generated funds and the balance of RM0.3 million to be funded by the proceeds from the Public Issue allocated for setup of PK crushing facility.

(4) RM0.4 million to be funded through internally generated funds and the balance of RM2.8 million to be funded by the proceeds from the Public Issue allocated for setup of PK crushing facility.

Save as disclosed above, we do not have any other material capital commitments as at LPD.

12.8 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding, which might materially or adversely affect our position or business as at LPD.

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our business, financial results or position.

12.9 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2020 to 2023 are as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
Trade receivables turnover (days)[(1)]	15	14	3	2
Trade payables turnover (days)[(2)]	39	31	19	10
Inventory turnover (days)[(3)]	52	82	111	81
Current ratio (times)[(4)]	0.6	0.8	0.9	1.0
Gearing ratio (times)[(5)]	1.6	0.6	0.2	0.2

Notes:

(1) Computed based on the average trade receivables and net of allowances for impairment loss as at financial year-end over revenue for the respective financial years, multiplied by 365 days for each financial year.

(2) Computed based on the average trade payables as at financial year-end over cost of sales for the respective financial years, multiplied by 365 days for each financial year.

(3) Computed based on the average inventory as at financial year-end over cost of sales for the respective financial years, multiplied by 365 days for each financial year.

(4) Computed based on current assets over current liabilities as at the end of each financial year.

(5) Computed based on total interest-bearing borrowings over total equity as at the end of each financial year.

12.9.1 Trade receivables turnover

The key financial ratios of our Group for FYE 2020 to 2023 are as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade receivables	4,619	18,916	4,061	1,871
Closing trade receivables	18,916	4,061	1,871	2,626
Average trade receivables	11,768	11,489	2,966	2,249
Revenue	282,324	306,611	315,817	337,981
Trade receivables turnover period (days)	15	14	3	2

Our trade receivables comprise amounts receivable for the plantation and trading segments. The Group's normal credit term to its customers for the trading of CPO and PK is 30 days, whereas for the trading of building materials is 30 to 60 days. For the Group's plantation customers, the customer will pay 90.0% of the purchase value as a deposit before loading. The balance of 10.0% will be collected within 1 month after delivery.

Our Group established policies on credit control involving comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history and regular review of customers' outstanding balances and payment trends. Our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

As our Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. A significant portion of trade receivables represents regular customers of our Group. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

Our Group has not recognised an allowance for impairment loss because there has not been a significant change in credit quality, and the amounts are still considered recoverable. Our Group applies the simplified approach to measure the impairment of trade receivables, contract assets and lease receivables at lifetime expected credit loss. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Our trade receivables turnover periods for FYE 2020, 2021, 2022 and 2023 were 15 days, 14 days, 3 days and 2 days, respectively, and are within our trade terms period. Therefore, our Group is not subject to a significant concentration of credit risk.

Our trade receivables turnover period for FYE 2021 of 14 days has remained consistent with FYE 2020 of 15 days. The opening trade receivables in FYE 2021 comprised mainly trade receivables from the trading segment, during which we ceased business effective on 1 January 2021.

Our trade receivables turnover period decreased from 14 days for FYE 2021 to 3 days for FYE 2022 as we had fully collected all trade receivables from the trading segment. The lower turnover period for FYE 2022 reflects our policy of collecting 90% of our CPO and PK sales prior to delivery.

Our trade receivables turnover period of 3 days for FYE 2022 and 2 days for FYE 2023 were fairly consistent.

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The ageing analysis of our trade receivables as at 30 September 2023 is as follows:

	Trade receivables as at 30 September 2023 (Audited)		Collection from 1 October 2023 to LPD	Balance trade receivables as at LPD
	RM'000	**Percentage of trade receivables**	**RM'000**	**RM'000**
	(a)	**(a)/total of (a)**	**(b)**	**(c) = (a)-(b)**
Neither past due nor impaired	2,626	100.0	2,626	-
Past due but not impaired:				
- less than 30 days	-	-	-	-
- 31 to 60 days	-	-	-	-
- over 60 days	-	-	-	-
	-	-	-	-
	2,626	**100.0**	**2,626**	-

As at LPD, our trade receivables as at 30 September 2023 have been fully collected.

Our customers generally paid within the credit period granted. Our Group has not encountered any major disputes with our trade receivables.

There were no impairment losses on trade receivables for FYE 2020 to 2023.

12.9.2 Trade payables turnover

Our average trade payables turnover period for FYE 2020 to 2023 is as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade payables	18,619	20,477	7,874	11,730
Closing trade payables	20,477	7,874	11,730	2,421
Average trade payables	19,548	14,176	9,802	7,076
Cost of sales	182,791	166,237	185,948	246,005
Trade payables turnover period (days)	39	31	19	10

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to our Group for trade purchases ranged from 30 to 90 days for the plantation segment and 14 to 90 days for the trading segment. To maintain a good relationship with our suppliers, we will pay them within the respective credit periods.

Our trade payables turnover periods for FYE 2020, 2021, 2022 and 2023 were 39 days, 31 days, 19 days and 10 days, respectively, which were within the normal credit terms granted by our suppliers.

Our trade payables turnover period decreased from 39 days for FYE 2020 to 31 days for FYE 2021, mainly attributable to less outstanding balances for our trading segment following the cessation of the business in this trading segment effective on 1 January 2021.

Our trade payables turnover period decreased from 31 days for FYE 2021 to 19 days for FYE 2022 as there were no trading purchases in FYE 2022 as our Group has ceased the building materials trading business effective from 1 January 2021.

Our trade payables turnover period decreased from 19 days for FYE 2022 to 10 days for FYE 2023, mainly attributable to the decrease in trade payables as lower purchase of fertilisers towards the end of FYE 2023 as compared to FYE 2022 as our Group purchased more fertilisers towards the end of FYE 2022 to keep more fertilisers to avoid the supply shortage of fertiliser.

The ageing analysis of our trade payables as at 30 September 2023 is as follows:

	Trade payables as at 30 September 2023		**Settlement from 1 October 2023 to LPD**	**Balance trade payables as at LPD**
	RM'000	**Percentage of trade payables**	**RM'000**	**RM'000**
	(a)	**(a)/total of (a)**	**(b)**	**I = (a)-(b)**
Within credit period	2,345	96.9	2,345	-
Exceeding credit period:				
- 1 to 30 days	76	3.1	76	-
- 31 to 60 days	-	-	-	-
- More than 60 days	-	-	-	-
	76	3.1	76	-
	2,421	**100.0**	**2,421**	**-**

As at LPD, we have fully settled the outstanding trade payables as at 30 September 2023.

As at LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

12.9.3 Inventory turnover

Our inventories comprise fertiliser, plantation consumables as well as CPO and PK. Plantation consumables consist of chemicals, spare parts and lubricants. Inventory cost of CPO and PK includes direct labour, an appropriate share of production overheads and the fair value attributable to agriculture produce at year end in accordance to MFRS 141. Our average inventory turnover period for FYE 2020 to 2023 is set out below:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventories				
- CPO and PK	4,778	6,570	17,714	30,096
- Fertiliser and plantation consumables	17,344	23,492	27,261	37,618
	22,122	30,062	44,975	67,714

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Closing inventories				
- CPO and PK	6,570	17,714	30,096	16,225
- Fertiliser and plantation consumables	23,492	27,261	37,618	24,592
	30,062	44,975	67,714	40,817
Average inventories				
- CPO and PK	5,674	12,142	23,905	23,161
- Fertiliser and plantation consumables	20,418	25,377	32,440	31,105
	26,092	37,519	56,345	54,266
Cost of sales	182,791	166,237	185,948	246,005
Inventory turnover period (days)				
- CPO and PK	11	27	47	34
- Fertiliser and plantation consumables	41	56	64	46
- Overall	52	82	111	81

Our inventories consist fertiliser, plantation consumables as well as CPO and PK that we purchased from our suppliers. We constantly endeavour to maintain a sufficient inventory level to avoid instances of stock unavailability at our stores. Our inventory turnover periods for FYE 2020, 2021, 2022 and 2023 were 52 days, 82 days, 111 days and 81 days, respectively.

Our inventory turnover period increased from 52 days for FYE 2020 to 82 days for FYE 2021, mainly attributable to the following:

(a) our Group maintains a higher inventory level for plantation consumables such as spare parts to avoid the shortage of plantation consumables resulting from the interruption of the global supply chain primarily due to the COVID-19 pandemic for stockpiling for immediate repair as the delivery of spare parts might take more than 6 months; and

(b) increased CPO inventories resulting from higher fair value of CPO and closing inventory which increased by 2,808MT as CPO sales slowed towards the end of FYE 2021 due to the delay in receiving a sale contract for 2,500MT of CPO from a customer, which resulted in the accumulation of CPO stock. The said sale contract for the 2,500MT of CPO was received in October 2023 and the delivery took place in the even month.

Our inventory turnover period increased from 82 days for FYE 2021 to 111 days for FYE 2022, mainly attributable to the following:

(a) increase in fertiliser inventory level by RM8.1 million resulting from the higher inventory levels for urea and rock phosphate, which were received in September 2022 to avoid the supply shortage of fertiliser;

(b) fertiliser costs increased by RM501 per MT from RM1,420 per MT for FYE 2021 to RM1,920 per MT for FYE 2022, resulting from the shortage of supply due to the conflict between Russia and Ukraine and sanctions implemented by the United States against Russia; and

(c) the increase in CPO and PK inventories by RM12.4 million was primarily due to higher volume for CPO and PK of 3,192MT and 940MT, respectively as at 30 September 2022, of which 3,000MT of CPO with 90.0% downpayment duly paid was only collected by the customer on 5 October 2022 and the 1,200MT of PK which were contracted in the last quarter of FYE 2022 was only collected by the customer in November 2022 as the customer's PK crushing plant was under major maintenance in the last quarter of 2022.

Our inventory turnover period decreased from 111 days for FYE 2022 to 81 days for FYE 2023, mainly attributable to the following:

(a) the decrease in CPO and PK inventories of RM13.9 million was primarily due to the delivery of 3,000MT of CPO with 90.0% downpayment duly paid as at 30 September 2022, which was subsequently collected by the customer on 5 October 2022, as well as the 1,200MT of PK which were contracted in the last quarter of FYE 2022 was only collected by the customer in November 2022 and recognised as revenue during FYE 2023;

(b) the decrease in fertiliser of RM13.9 million was primarily due to more fertiliser applied for FYE 2023 as there was heavy rainfall from the La Nina phenomenon in FYE 2022, making it less suitable to apply fertiliser; and

(c) the increase in plantation consumables of RM0.9 million was primarily due to increase in purchase of spare part for mill repair and maintenance for machinery.

We review our inventories on a product-by-product and ageing basis during the periodic stock count and we make allowance for damaged, obsolete and slow-moving inventories, when necessary. Management estimates the net realisable value for such inventory items based primarily on the current market conditions.

During FYE 2020 to 2023, our Group had written down inventories as below:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Inventories written off(1)	4	1	1	-

Note:

(1) Comprise plantation consumables written-off due to damaged spare parts that were no longer in good condition.

We are of the opinion that there are no material slow-moving and/or obsolete inventories as at LPD.

12.9.4 Current ratio

Our current ratio throughout FYE 2020 to 2023 is as follows:

	Audited			
	As at 30 September			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	113,071	131,515	134,950	152,634
Current liabilities	200,655	161,807	142,674	151,559
Net current (liabilities)/assets	**(87,584)**	**(30,292)**	**(7,724)**	**1,075**
Current ratio (times)	0.6	0.8	0.9	1.0

Our current ratio ranges from 0.6 times to 1.0 times for FYE 2020 to 2023.

Our current ratio increased from 0.6 times as at 30 September 2020 to 0.8 times as at 30 September 2021, mainly attributable to the following:

(a) increase in cash and bank balances of RM21.2 million, mainly due to improved internally generated funds from our business operations;

(b) the increase in inventories of RM14.9 million, mainly due to the accumulation of plantation consumables such as spare parts to avoid a shortage resulting from the interruption of the global supply chain due to the COVID-19 pandemic, and increased CPO inventories resulting from higher fair value of CPO and closing inventory which increased by 2,808MT;

(c) decrease in loans and borrowings of RM30.3 million, mainly due to scheduled repayments of term loans and revolving credits;

(d) net repayments to Metro Kajang (Oversea) of RM17.1 million for advances mainly to finance our plantation's working capital purposes, such as our plantation development costs, costs for construction of a new mill and upgrading of our existing mill; and

(e) decrease in trade payables of RM12.6 million and the amount due to MKH Building Materials Sdn Bhd, a related company (trade-in nature) of RM1.4 million, both were mainly in relation to building materials for our trading business, as our Group had ceased the building materials trading business effective from 1 January 2021 and there were no such purchases thereafter.

The above increase contributed to the improvement in our current ratio as at 30 September 2021, and were partially offset by the following:

(a) the decrease in trade receivables of RM14.9 million, mainly due to no outstanding trade receivables from the trading segment following the cessation of our building materials trading business effective from 1 January 2021; and

(b) the increase in current tax liabilities of RM16.3 million, mainly due to the higher tax expenses resulting from higher profits recorded for FYE 2021.

Our current ratio continuously improved from 0.8 times as at 30 September 2021 to 0.9 times as at 30 September 2022, mainly attributable to the following:

(a) increase in inventories of RM22.7 million, mainly due to the increase in fertiliser by RM8.1 million primarily resulting from (i) the higher inventory levels for urea and rock phosphate, which were received in September 2022 to avoid the supply shortage of fertiliser; (ii) fertiliser costs increased by RM501 per MT, resulting from the conflict between Russia and Ukraine; and (iii) the increase in CPO and PK inventories by RM12.4 million primarily due to higher volume for CPO and PK of 3,192MT and 940MT respectively as at 30 September 2022, of which 3,000MT of CPO with 90.0% downpayment duly paid was only collected by the customer on 5 October 2022 and 1,200MT of PK which were contracted in the last quarter of FYE 2022 was only collected by the customer in November 2022 as the customer's PK crushing plant was under major maintenance in the last quarter of 2022;

(b) decrease in loans and borrowings of RM46.5 million, mainly due to scheduled repayments of term loans and early settlement of revolving credits; and

(c) the current tax liabilities decreased by RM16.3 million, mainly due to the final tax assessment for FYE 2021 of RM18.2 million being paid upon finalisation during FYE 2022.

The above increases contributed to the improvement in the current ratio as at 30 September 2022 were partially offset by the following:

(a) the decrease in cash and bank balances of RM15.5 million was mainly due to the following outflows of cash:

    (i) the net repayments of term loans of RM34.2 million and revolving credits of RM32.8 million and the related interests of RM5.8 million during FYE 2022; and

    (ii) tax payments of RM39.5 million comprising:

        (aa) the final tax assessment for FYE 2021 of RM18.2 million upon finalisation during FYE 2022; and

        (bb) estimated tax instalments of RM21.3 million paid for FYE 2022.

    Such payments were offset by the internally generated funds from our business operations;

(b) increase in loans from Metro Kajang (Oversea) of RM24.8 million, mainly due to reclassification of amounts due within 1 year from non-current liabilities to current liabilities;

(c) increase in trade payables of RM3.9 million due to higher amounts owing to fertiliser supplier for the plantation consumables accumulated in September 2022 to avoid the supply shortage of fertiliser resulting from the conflict between Russia and Ukraine; and

(d) increase in downpayment from our CPO and PK customers of RM11.4 million, mainly in relation to a 90.0% downpayment by a customer for 3,000MT CPO that subsequently collected by the customer on 5 October 2022.

Our current ratio continuously improved from 0.9 times as at 30 September 2022 to 1.0 times as at 30 September 2023, mainly attributable to the following:

(a) the increase in cash and bank balances of RM31.9 million, which derived primarily from the internally generated funds from our business operations;

(b) the increase in receivables, deposits and prepayment of RM7.5 million was mainly due to the net effects of the following:

(i) the increase in other receivables of RM7.8 million, mainly contributed by the value-added input taxes available to offset against future value-added output taxes increased by RM8.6 million, resulting from higher CPO sold to customers from the free tax zone. The amount will be claimable after FYE 2023. Such increase was partially offset by the decrease in receivables from employees of RM0.8 million, mainly due to repayment by employees via monthly salary deductions;

(ii) the decrease in the amount owing from a former subsidiary, PT NMJ, of RM3.2 million was attributable to repayment received during FYE 2023;

(iii) the increase in prepayments of RM1.8 million was mainly due to our prepaid IPO expenses incurred during FYE 2023; and

(iv) the increase in trade receivables of RM0.8 million was primarily attributable to higher sales made towards the last quarter of FYE 2023 as compared to the last quarter of FYE 2022.

(c) the current tax assets increased by RM4.9 million, mainly due to the higher tax estimation for the year of assessment 2023 following higher profit in FYE 2022.

The above increases contributed to the improvement in the current ratio as at 30 September 2023 were partially offset by the following:

(a) the decrease in inventories by RM26.9 million, mainly due to the following:

(i) the decrease in CPO and PK inventories of RM13.9 million was primarily due to the undelivered 3,000MT of CPO with 90.0% downpayment duly paid as at 30 September 2022, which was subsequently collected by the customer on 5 October 2022, as well as the 1,200MT of PK which were contracted in the last quarter of FYE 2022 was only collected by the customer in November 2022 and recognised as revenue during FYE 2023;

(ii) the decrease in fertiliser of RM13.9 million was primarily due to more fertiliser applied for FYE 2023 as there was heavy rainfall from the La Nina phenomenon in FYE 2022, making it less suitable to apply fertiliser; and

(iii) the increase in plantation consumables of RM0.9 million was primarily due to increase in purchase of spare part for mill repair and maintenance for machinery;

(b) increase in current payables and accruals of RM6.4 million was primarily due to the net effects of the following;

(i) increase in loans from related companies of RM24.9 million, primarily due to the reclassification of amounts due within 1 year from non-current liabilities to current liabilities for loans from Metro Kajang (Oversea);

(ii) the increase in accruals of RM3.2 million was mainly due to higher accrued CSR payable to Plasma Farmers and higher purchase of FFB from Plasma Farmers towards the end of FYE 2023 as compared to FYE 2022 as a result of the higher FFB produced;

(iii) the decrease in trade payables of RM9.3 million was mainly due to the lower purchase of fertilisers towards the end of FYE 2023 as compared to FYE 2022;

(iv) the decrease in downpayment from our CPO and PK customers of RM6.2 million was mainly due to a deposit of RM9.2 million received in September 2022 for sales secured in September 2022 that were subsequently delivered and recognised as revenue in FYE 2023 and partially offset by deposit of RM3.9 million received for 1,500MT CPO that subsequently collected by the customer on 13 October 2022; and

(v) the decrease in other payables of RM6.1 million was mainly due to the refund of RM3.1 million to a CPO customer that overpaid in FYE 2022 and payment to spare parts and construction suppliers carried from FYE 2022.

(c) the increase in loans and borrowings of RM2.4 million was mainly due to the reclassification of unsecured term loans from non-current to current of RM2.4 million.

12.9.5 Gearing ratio

Our gearing ratio throughout FYE 2020 to 2023 is as follows:

	Audited			
	As at 30 September			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Borrowings	131,220	68,768	2,317	2,936
Interest bearing loan from Metro Kajang (Oversea)	68,672	66,904	67,765	68,119
Total	**199,892**	**135,672**	**70,082**	**71,055**
Total equity	124,776	211,372	280,949	313,949
Gearing ratio (times)(1)	1.6	0.6	0.2	0.2

Note:

(1) Computed based on total interest-bearing borrowings and loan from Metro Kajang (Oversea) over total equity as at the end of each financial year.

Our gearing ratio ranges from 0.2 times to 1.6 times for FYE 2020 to 2023.

As at 30 September 2021, our gearing ratio decreased to 0.6 times (as at 30 September 2020: 1.6 times), mainly attributable to the decrease in loans and borrowings of RM62.5 million as a result of the repayment of term loans of RM58.6 million and revolving credits of RM21.5 million, and netting the drawdown of term loans of RM14.4 million for working capital purpose. Additionally, our improved financial performance and position for FYE 2021 also contributed to the lower gearing ratio as at 30 September 2021.

Our gearing ratio decreased to 0.2 times as at 30 September 2022 (as at 30 September 2021: 0.6 times), mainly attributable to the decrease in loans and borrowings of RM66.5 million as a result of the repayment of term loans of RM36.5 million and revolving credits of RM32.8, and netting the drawdown of term loans of RM2.3 million for working capital purposes. In addition, our improved financial performance and position for FYE 2022 also contributed to the lower gearing ratio as at 30 September 2022.

Our gearing ratio for FYE 2022 and FYE 2023 were constant at 0.2 times.

12.10 SIGNIFICANT FACTORS AFFECTING OUR BUSINESS

Section 9 details the risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

(a) Our business growth may be adversely affected if we fail to continuously improve our FFB yields which could result in stagnant or lower production of CPO and PK

FFB yields are generally dependent on the land profile of our plantation estates, age profile and quality of our oil palms, as well as adoption of efficient plantation practices to ensure high FFB yields including field upkeep and weed control, soil fertility and conservation, pest management, mechanisation, water management, harvesting and crop quality, as well as safety, health and environment.

Our Group achieved average FFB yields of 29.3MT per Ha, 26.7MT per Ha, 23.2MT per Ha and 24.1MT per Ha in FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. There can be no assurance that we will continue to achieve high FFB yields if we fail continuously to adopt or improve our plantation practices.

Any decrease in FFB yields will result in stagnant or lower production of CPO and PK, which may eventually negatively affect our financial performance and our future growth. Even if we purchase FFB from third party plantation estates for the production of CPO and PK in our palm oil mill in the event of low FFB yields in our plantation estates, we are required to incur additional costs for the purchase of FFB and there can be no assurance on the quality of FFB purchased. All of these may have a negative impact on our cost of sales and may consequently impact our financial performance.

(b) Our financial performance is subject to our ability to continuously deliver CPO and PK based on our customers' requirements

The ability to deliver CPO and PK based on the customers' requirements, i.e. the content of FFA in CPO produced by palm oil mills in Indonesia should not be more than 5.0% at the point of loading for delivery to customers. The FFA content in CPO produced by our Group is generally lower than 5.0%, at averages of 3.4%, 4.0% 4.6% and 4.3% for FYE 2020, FYE 2021, FYE 2022 and 2023, respectively.

Our customer can claim for a reduction in sales price based on a pre-agreed range, if we deliver CPO with FFA content above 5.0%. During FYE 2020 to 2023, there were claims from our customers on sales of CPO and PK amounting to approximately RM0.1 million, RM0.2 million, RM1.7 million and RM1.4 million respectively, which accounted for approximately 0.1%, 0.1%, 0.5% and 0.4% of our Group's total revenue from plantation business segment respectively.

If we fail to continuously maintain the quality of our CPO and PK, our financial performance will be negatively impacted as a result of claims from our customers. It may also negatively impact our reputation in the industry as a reliable provider of quality CPO and PK, which may result in a potential loss of confidence and sales of our CPO and PK from our existing and potential customers, and may consequently negatively impact our business growth.

(c) Our business and financial performance may be adversely affected if we lose significant sales from our major customers

For FYE 2020 to 2022, sales contributed by our top 5 major customers accounted for 88.2%, 95.9% and 99.9% of our total revenue respectively. In FYE 2023, our Group only transacted with 4 customers and sales to these 4 customers made up to 100.0% of our total revenue. This indicates a concentration of our revenue amongst these customers, and a risk of dependency on them. There is no assurance that we will be able to continue retaining these customers, or that the volume of purchases from our major customers will not vary significantly in the future. In the event that there are significant reductions in purchases from our major customers or a complete loss of any of our major customers, our financial performance and results of our operations may be adversely affected.

Further, our Group has entered into sale and purchase agreements with PT Kutai Refinery Nusantara (part of Apical Group of Companies) for sale of CPO and PK, and PT Binasawit Abadipratama (part of Golden Agri-Resources Group of Companies) for sale of PK, as at LPD. Our financial performance and results of our operations will be adversely affected if the sale and purchase agreements with these customers are not renewed and these customers cease to purchase from us.

(d) We may be adversely affected by fluctuations in prices of supplies purchased by our Group

Our Group's GP margin is also susceptible to fluctuations in the prices of some supplies, such as fertilisers, FFB from the Plasma Programme, CPO from neighbouring third-party palm oil mills, diesel and petrol as well as chemicals. The prices of these supplies are dependent on, amongst others, the prevailing global crude oil prices and CPO prices, and/or the demand and supply conditions of these supplies.

Any significant fluctuation in the prices of these supplies may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects should we fail to pass the increase in cost to our customers. For FYE 2020, FYE 2021, FYE 2022, FYE 2023 and up to the LPD, we did not encounter any material increase in the cost of these purchases which substantially increase our cost of sales and lead to an adverse impact on our financial performance.

(e) Exposure to foreign exchange transaction risks

Our Group is an oil palm plantation group principally involved in the cultivation of oil palm and production and sale of CPO and PK in Indonesia. Our sales are all made to local customers in Indonesia whereby the sales are denominated in IDR. Further, during the FYE 2020 to 2023, we also purchased spare parts from overseas suppliers to support our business operations, which were denominated in RM and/or USD. However, the purchases of spare parts from overseas suppliers were minimal, which accounted for 1.7%, 1.2%, 1.6% and 1.7% to our total purchases for FYE 2020 to 2023 respectively.

Additionally, our Group has USD-denominated outstanding borrowings of approximately RM2.4 million as at 30 September 2023, and RM-denominated advances from related companies of approximately RM112.6 million as at 30 September 2023, with further details set out in Section 12.13(a). Our Group utilises IDR to repay the USD-denominated borrowings and RM-denominated advances from related companies.

As at LPD, our Group does not hedge our exposure against fluctuations in foreign currency exchange rates as currency positions in IDR are considered to be long-term in nature. As such, we are subject to foreign exchange fluctuation risk for our USD-denominated borrowings and RM-denominated advances from related companies. In particular, for FYE 2020, we recorded unrealised and realised losses on foreign exchange by RM13.9 million and RM3.4 million, respectively, in respect of our borrowings denominated in USD and RM against IDR. Further, for FYE 2022, we recorded realised loss on foreign exchange of RM0.6 million. For FYE 2023, we recorded unrealised and realised loss on foreign exchange by RM0.5 million and RM0.1 million, respectively. Please refer to Section 12.13(a) for further details on our foreign exchange gains and losses for FYE 2020 to 2023.

For FYE 2020 to 2023, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Realised (loss)/gain on foreign exchange	(3,366)	3,079	(642)	(117)
Unrealised (loss)/gain on foreign exchange	(13,879)	7,785	4,491	(535)
Net (loss)/gain	**(17,245)**	**10,864**	**3,849**	**(652)**

Further, as our operations are based in Indonesia, save for sales to overseas countries and some purchases from overseas suppliers which are denominated in USD, all our business transactions are denominated in IDR. However, for the purposes of financial reporting in Malaysia, all financials will be converted to RM for disclosure in financial statement. As such, our financial statement reported in RM may not be reflective of our results of operations due to the fluctuations in foreign exchange rates, mainly between IDR and RM. This has given rise to foreign exchange translation reserve amount disclosed under 'other comprehensive income' as 'foreign exchange translation differences'.

(f) Exposure to credit risk and default payment by customers

For the sale of CPO and PK, our customers are required to place an upfront payment of 90.0% of the total contract value, with the remaining 10.0% to be fulfilled upon the issuance of necessary delivery documents such as bill of lading and manifest to our customers after the product delivery, whereby our Group typically receives the payment within our credit terms which range from 30 to 60 days. The dates in which our customers are required to fulfil the upfront payment are stipulated in the contracts. In the event of delay or default in payment by our customers, our operating cash flows or financial results of operations may be affected.

While we have not impaired for any credit loss or experienced any material delay or default in payment by our customers for FYE 2020 to 2023 and up to the LPD, there can be no guarantee that our customers will be able to fulfil their payment obligations within our credit terms and that we will not encounter any collection problems in the future. In the event that there is any default or delay in the collection of payment, it will lead to impairment losses on trade receivables or bad debts which may impact our financial performance.

(g) Exposure to various inherent risks in the plantation industry

As we are involved in the cultivation of oil palm for the production and sale of CPO and PK, we are subject to risks inherent to the oil palm plantation industry. These include, but are not limited, to:

(i) adverse weather conditions;

(ii) outbreak of diseases or crop pests; and

(iii) fires.

All the external factors above may cause disruption to our plantation activities and/or reduction in our FFB yields, which may in turn adversely affect our production and sale of CPO and PK. Further, occurrence of fires involving our palm oil mill may cause damage to all or part of our palm oil mill, which may lead to disruptions in our palm oil milling activities, thereby impacting the production and sale of our CPO and PK. Any prolonged interruptions to our FFB yields as well as plantation and palm oil milling activities will affect our ability in fulfilling our sales orders, thus causing delivery delays to our customers. This could adversely impact our relationships with customers, our financial performance and reputation in the industry.

(h) Our financial performance is subject to the fluctuation in the market prices of CPO and PK

As with other commodities, the market prices of CPO and PK fluctuate along with international demand and supply conditions. The highest and lowest market prices (in IDR and RM) for CPO and PK published by the Plantation Office of East Kalimantan for 2020, 2021, 2022, 2023 and up to LPD are as follows:

	CPO price (IDR/kg)		PK price (IDR/kg)	
Year	**High**	**Low**	**High**	**Low**
2020 (January to December)	9,148.02	6,657.44	5,013.61	3,131.43
2021 (January to December)	13,641.24	9,170.35	10,075.49	5,691.30
2022 (January to December)	15,490.11	8,584.40	12,605.44	4,216.06
2023 (January to December)	11,886.41	10,233.38	5,717.11	4,434.91
2024 (January to February)	11,310.80	10,978.65	5,290.40	5,032.79

	CPO price (RM/MT)		PK price (RM/MT)	
Year	**High**	**Low**	**High**	**Low**
2020 (January to December)	2,625.48	2,010.55	1,438.91	945.69
2021 (January to December)	4,010.52	2,641.06	2,962.19	1,639.09
2022 (January to December)	4,600.56	2,540.98	3,743.82	1,269.03
2023 (January to December)	3,542.20	3,128.35	1,703.70	1,339.34
2024 (January to February)	3,449.79	3,293.59	1,613.57	1,509.84

A significant and prolonged reduction in the prices of CPO and palm oil-based products would have a material adverse effect on our results of operations, profitability and cash flows.

12.11 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during FYE 2020 to 2023. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.2.6.

12.12 IMPACT OF INFLATION

During FYE 2020 to 2023, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

12.13 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS

(a) Impact of foreign exchange rates

Our Group is an oil palm plantation group principally involved in the cultivation of oil palm and the production and sale of CPO and PK in Indonesia. Our sales are all made to local customers in Indonesia. All our sales to local customers in Indonesia are denominated in IDR.

Further, for FYE 2020 to 2023, we also purchased spare parts from overseas suppliers to support our plantation business, which were denominated in RM and/or USD.

Our proportions of sales and purchases transactions denominated in local and foreign currencies are as follows:

	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales denominated in:								
(i) IDR	250,454	88.7	294,458	96.0	315,817	100.0	337,981	100.0
(ii) RM	31,870	11.3	12,153	4.0	-	-	-	-
	282,324	**100.0**	**306,611**	**100.0**	**315,817**	**100.0**	**337,981**	**100.0**
Purchases denominated in:								
(i) IDR	55,718	63.4	65,258	84.2	83,929	98.4	107,019	98.3
(ii) RM	32,181	36.6	12,266	15.8	952	1.1	767	0.7
(iii) USD	32	*	-	-	424	0.5	1,111	1.0
	87,931	**100.0**	**77,524**	**100.0**	**85,305**	**100.0**	**108,897**	**100.0**

Note:

* Representing less than 0.1%.

As our current operations are based in Indonesia, save for sales to overseas countries and some purchases from overseas suppliers which are denominated in USD, all our business transactions are denominated in IDR. However, for the purposes of financial reporting in Malaysia, all financials will be converted to RM for disclosure in the financial statements. As such, our financial statements reported in RM may not be reflective of our results of operations due to the fluctuations in foreign exchange rates, mainly between IDR and RM. This has given rise to foreign exchange translation reserve amount disclosed under 'other comprehensive income' as 'foreign exchange translation differences'.

However, our Group has USD-denominated outstanding borrowings of RM2.4 million as at 30 September 2023 and RM-denominated loans from Metro Kajang (Oversea) and MKH Plantation of RM112.6 million as at 30 September 2023. Our Group utilises IDR to repay such foreign denominated borrowings and loans. Our Group also holds cash and bank balances denominated in USD and IDR for our Group's working capital purposes.

Our cash and bank balances, outstanding borrowings and loans denominated in the respective currencies are as follows:

	As at 30 September							
	2020		2021		2022		2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cash and bank balances denominated in:								
(i) IDR	19,164	52.9	36,654	63.8	32,358	77.0	68,079	92.1
(ii) USD	15,458	42.6	19,433	33.8	4,919	11.7	2,352	3.2
(iii) RM	1,628	4.5	1,378	2.4	4,737	11.3	3,465	4.7
	36,250	**100.0**	**57,465**	**100.0**	**42,014**	**100.0**	**73,896**	**100.0**
Borrowings denominated in:								
USD	131,220	100.0	68,768	100.0	2,317	100.0	2,360	80.4
RM	-	-	-	-	-	-	576	19.6
	131,220	**100.0**	**68,768**	**100.0**	**2,317**	**100.0**	**2,936**	**100.0**
Loans from Metro Kajang (Oversea) and MKH Plantation denominated in:								
RM[(1)]	127,940	100.0	121,026	100.0	110,270	100.0	112,591	100.0

Note:

(1) Our Group utilises IDR to repay the RM-denominated loans from Metro Kajang (Oversea) and MKH Plantation.

For FYE 2020 to 2023, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Realised (loss)/gain on foreign exchange	(3,366)	3,079	(642)	(117)
Unrealised (loss)/gain on foreign exchange	(13,879)	7,785	4,491	(535)
Net (loss)/gain	**(17,245)**	**10,864**	**3,849**	**(652)**

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis.

Our Group is exposed to currency translation risk arising from its net investments in our Indonesia operations. Our Group's investment in Indonesia is not hedged as currency positions in IDR are considered to be long term in nature.

As at LPD, our Group does not hedge our exposure to fluctuation in foreign currency exchange rates. As at LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for our loans and borrowings in USD (where applicable) and loans from MKH Plantation in RM.

(b) Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. Our interest coverage ratio for FYE 2020 to 2023 is as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
Interest coverage ratio (times)[(1)]	3.1	13.9	13.5	9.4

Note:

(1) Computed based on EBIT over finance costs for FYE 2020 to 2023.

Our interest coverage ratios range from 3.1 times to 13.9 times during FYE 2020 to 2023, indicating that our Group has been able to generate sufficient profits from operations to meet our interest-serving obligations.

Our financial results for FYE 2020 to 2023 were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

(c) Impact of commodity prices

As with other commodities, the market prices of CPO and PK fluctuate along with international demand and supply conditions. The highest and lowest market prices for CPO and PK published by the Plantation Office of East Kalimantan for years 2020, 2021, 2022, 2023 and up to LPD are as follows:

	CPO price (IDR/kg)		PK price (IDR/kg)	
Year	**High**	**Low**	**High**	**Low**
2020 (January to December)	9,148.02	6,657.44	5,013.61	3,131.43
2021 (January to December)	13,641.24	9,170.35	10,075.49	5,691.30
2022 (January to December)	15,490.11	8,584.40	12,605.44	4,216.06
2023 (January to December)	11,886.59	10,223.38	5,717.11	4,434.91
2024 (January to February)	11,310.80	10,978.65	5,290.40	5,032.79

Local and international prices for CPO and PK are affected by a number of factors, including the following:

(i) the supply and demand levels for CPO, PK and other edible or non-edible fats and oils (such as soybean oil, rapeseed oil, sunflower oil, non-edible vegetable oils and non-edible animal fats);

(ii) global production levels and physical stocks (i.e. the supply level) of CPO, PK and other edible or non-edible fats and oils, which tend to be affected principally by global weather conditions and the area of land under cultivation;

(iii) global consumption levels (i.e. the demand level) of CPO, PK and other edible oils;

(iv) the price of crude oil, which impacts the prices of biofuels and in turn impact the price of CPO and PK as palm oil can be used in the production of biofuels;

(v) developments in the Indonesian, regional and global economic and political situations which may affect the supply and demand conditions of CPO and PK in the global market;

(vi) foreign exchange rates as any major fluctuations in the currencies in which CPO and PK are transacted may affect the favourability of CPO and PK exported from a particular country, thereby affecting demand;

(vii) import and export duties and other taxes in major CPO import/ consumption/ production/ export countries which may affect the imports and/or exports of CPO and PK in the respective countries; and

(viii) changes in government regulations such as implementation of any export bans and domestic regulations that may limit the export of CPO and PK.

The key underlying reason that affects the local and international market prices of CPO and PK is the supply and demand levels for CPO and PK. Any increase in demand for CPO and PK and/or shortage in supply of CPO and PK tends to result in an increase in the market price of CPO and PK, and vice versa. A significant and prolonged reduction in the prices of CPO and palm oil-based products would have a material adverse effect on our results of operations, profitability and cash flows.

12.14 SIGNIFICANT CHANGES

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2023 and up to LPD.

12.15 ORDER BOOK

Our Group is primarily involved in the cultivation of oil palm and harvesting of its FFB, and the production and sale of CPO and PK. Due to the nature of our business, we do not maintain an order book.

Our CPO and PK are primarily sold to customers who have entered into sale and purchase agreements with our Group. As at LPD, we have entered into sale and purchase agreements with agreement terms ranging from 10 months to 1 year, with 2 of our major customers (i.e. PT Kutai Refinery Nusantara for sales of CPO; and PT Binasawit Abadipratama for sale of PK), whereby the agreements are subject torenewal. Based on the sale and purchase agreements, our Group is obliged to sell a pre-agreed quantity of CPO or PK to the respective customers, whereby the selling prices of the CPO to PT Kutai Refinery Nusantara are determined based on the auction price published by PT Perkebunan Nusantara for CPO on spot trading day, while the selling price of PK to PT Binasawit Abadipratama is based on the average of PT Astra Agro Lestari Tbk's PK daily price in the preceding month. As at LPD, based on the existing sale and purchase agreements entered with our customers, there are CPO and PK volumes totalling 77,000MT and 1,800MT respectively that have yet to be delivered to our customers, in which 49,000MT of CPO and 1,800MT of PK will be fulfilled in FYE 2024 and the balance 28,000MT of CPO will be fulfilled in FYE 2025.

On top of the CPO and PK produced to fulfill the sale obligations under the sale and purchase agreements, we also produce additional CPO and PK for sales. These CPO and PK can be sold to customers for whom we entered into sale and purchase agreements as a top-up to their pre-agreed amount, whereby the selling prices are determined based on spot price used by PT Perkebunan Nusantara for CPO and PT Astra Agro Lestari Tbk for PK. Further, the additional CPO and PK produced can also be sold to other customers through e-bidding tendering process, whereby the sales are exercised at auction price from tenders and the delivery is typically carried out within 30 days from the confirmation of tenders. There were no outstanding tender as at LPD.

12.16 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the oil palm industry as set out in the IMR Report in Section 8;

(b) our liquidity will improve further subsequent to our Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.15; and

(c) our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.17 TREND INFORMATION

Based on our tracked record for FYE 2020 to 2023, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

(a) revenue contribution from plantation segment has been the main revenue contributor for our business. We expect this segment to continue contributing significantly to our revenue in future;

(b) for FYE 2020 to 2023, the main component of our cost of sales are cultivation costs which contributed 51.7%, 59.5%, 66.4% and 59.9% of our total cost of sales for FYE 2020 to 2023, respectively. Moving forward, we expect this trend will continue; and

(c) we achieved a GP margin of 35.3%, 45.8%, 41.1% and 27.2% for FYE 2020 to 2023 respectively. Our GP margin in the future would depend on, amongst others, our continued ability to manage our cost efficiently and subject to prevailing market prices for CPO and PK.

As at LPD, after all reasonable enquires, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in Sections 7.8, 12.2, 12.10, 12.11, 12.12 and 12.13;

(b) material commitments for capital expenditure disclosed in Section 12.7;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.8, 12.2, 12.10, 12.11, 12.12 and 12.13;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discusses in Sections 7.8, 12.2, 12.10, 12.11, 12.12 and 12.13; and

(e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.8, 12.2, 12.10, 12.11, 12.12 and 12.13.

Based on the above, our Board is optimistic about the future prospects of our Group given our competitive strengths as set out in Section 7.14, the outlook of the oil palm industry in Indonesia as set out in the IMR Report in Section 8 and our commitment to implement the business strategies and future plans as set out in Section 7.15.

12.18 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as adequate reserves for the future growth of our Group.

Our Group intends to recommend and distribute a dividend of at least 50% of our annual audited consolidated PAT attributable to the owners of our Company from financial year ending 2024 onwards after taking into account our Group's working capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board. However, it is not a legally binding obligation or guaranteed commitment to the shareholders.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our subsidiaries, present and future. Upon completion of our IPO, save as disclosed in Section 16.4, there are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer/receive funds to/from our Company, subject to the availability of distributable reserves and compliance with financial covenants, in the form of cash dividends, loans or advances, prior written notification has been given to lender, confirming that (i) all covenants including but not limited to financial covenants, representations and warranties have been complied with by PT MKH pertaining to the Foreign Currency Term Financing Facility-i 3 (FC Term-i 3) extended by OCBC Al-Amin Bank Berhad to PT MKH; and (ii) no event of default has occurred or is continuing or would occur. Moving forward, the payment of dividends by our subsidiaries is dependent upon various factors, including but not limited to, their distributable profits, financial performance, and cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of Directors deem relevant. Save for certain restrictive covenants from our credit facilities, which our subsidiaries are subject to, there is no other dividend restriction imposed on our subsidiaries as at LPD.

The dividends paid by our Indonesia subsidiaries may be taxed in Indonesia for withholding tax at a rate not exceeding 10.0% of the gross amount of the dividends. According to the prevailing Double Tax Agreement between Indonesia and Malaysia, dividend payments paid to our Company will be subject to a withholding tax. PT MKH and PT SPS have an obligation to withhold the tax of dividends distribution and pay to the tax authority. For avoidance of doubt, the dividend income received by our Company are exempted from corporate income tax in Malaysia up to 31 December 2026 based on the following qualifying conditions:

(a) the foreign source dividend income has been subjected to tax in the country of origin i.e. Indonesia;

(b) the highest corporate tax rate in the country of origin i.e. Indonesia is at least 15.0%; and

(c) our Group has complied with the economic substance requirements where (i) adequate number of employees are employed with necessary qualifications to carry out our operations in Malaysia; and (ii) adequate amount of operating expenditure has been incurred for carrying out our operations in Malaysia.

Our Board will consider the following factors when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(a) the level of cash and level of indebtedness;

(b) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(c) our expected results of operations and future level of operations;

(d) our projected levels of capital expenditure and other investment plans; and

(e) the prior consent from our lenders, if any.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board, and will depend on factors stated above. There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Subject to the Act, our Company, in a general meeting, may from time to time approve dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(a) our Company is, or would after the payment be unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than its liabilities.

For FYE 2020 to 2023 and up to LPD, no dividends were declared and paid to shareholders of our Company and our subsidiaries.

As at LPD, there is no outstanding dividends declared and unpaid. Subsequent to LPD, no dividend was declared, made or paid by our Group. Our Group does not intend to declare any dividend prior to our Listing.

No influence should or can be made from any of the above statements as to our actual future profitability or our ability to pay dividends in the future.

12. FINANCIAL INFORMATION *(Cont'd)*

12.19 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 January 2024 and after adjusting for the effects of Public Issue and utilisation of proceeds.

	Unaudited	I	II
	[1]As at 31 January 2024	After Public Issue	After I and utilisation of proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Share capital	250,815	387,215	378,474
Total capitalisation	**250,815**	**387,215**	**378,474**
Indebtedness[1]			
Current			
Loans and borrowings	122	122	122
Non-current			
Loans and borrowings	414	414	414
Total indebtedness	**536**	**536**	**536**
Total capitalisation and indebtedness	**251,351**	**387,751**	**379,010**
Gearing ratio (times)[2]	**<0.1**	**<0.1**	**<0.1**

Notes:

(1) All of our indebtedness are secured and/or guaranteed.

(2) Calculated based on total indebtedness divided by total capitalisation.

Deloitte.

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The Board of Directors
MKH Oil Palm (East Kalimantan) Berhad
G-02 & G-03, Ground Floor, Wisma MKH,
Jalan Semenyih,
43000 Kajang,
Selangor Darul Ehsan

Dear Sirs,

Reporting Accountants' opinion on the combined financial statements contained in the Accountants' Report of MKH Oil Palm (East Kalimantan) Berhad

Opinion

We have audited the combined financial statements of MKH Oil Palm (East Kalimantan) Berhad ("the Company") and its combining entities as disclosed in Note 35 to the combined financial statements ("the Group"), which comprise the combined statements of financial position as at September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and combined statements of cash flows for the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 4 to 102. The combined financial statements of the Group have been prepared for inclusion in the Prospectus of MKH Oil Palm (East Kalimantan) Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of MKH Oil Palm (East Kalimantan) Berhad on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial position of the Group as at September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020 and of its combined financial performance and its combined cash flows for the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020, in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

(Forward)

MAKING AN IMPACT THAT MATTERS

Independence and Other Ethical Responsibilities

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

Directors' Responsibilities for the Combined Financial Statements

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

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

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

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

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

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

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

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

(Forward)

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

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

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

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

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Securities and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

Deloitte PLT

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

ALVIN CHANG SHU-WEI
Partner – 03480/01/2026 J
Chartered Accountant

Penang,
March 14, 2024

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

	Notes	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Revenue	4	337,980,732	315,817,268	306,610,806	282,323,509
Cost of sales	5	(246,004,301)	(185,948,501)	(166,236,960)	(182,790,649)
Gross profit		91,976,431	129,868,767	140,373,846	99,532,860
Other income		7,947,526	6,489,524	18,082,628	9,355,350
Administration expenses		(38,735,370)	(39,242,652)	(37,175,492)	(34,042,801)
Sales and marketing expenses		(12,244,189)	(10,844,455)	(9,262,495)	(11,870,648)
Other expenses		(2,813,483)	(6,947,520)	(2,122,659)	(22,763,982)
Profit from operations		46,130,915	79,323,664	109,895,828	40,210,779
Finance costs		(4,832,045)	(5,839,934)	(7,868,609)	(12,605,090)
Profit before tax	6	41,298,870	73,483,730	102,027,219	27,605,689
Tax expenses	8	(10,045,196)	(13,345,821)	(24,575,444)	(8,915,766)
Profit for the financial year		31,253,674	60,137,909	77,451,775	18,689,923
Other comprehensive income for the financial year					
Items that will not be reclassified to profit or loss subsequently:					
Remeasurement (losses)/gains on defined benefit plans	21	(272,040)	1,357,260	3,189,373	(144,860)
Income tax relating to remeasurement gains/(losses) on defined benefit plans	8	61,670	(512,070)	(958,113)	393,890
Revaluation surplus of buildings		-	-	-	2,838,040
Income tax relating to surplus arising from revaluation of buildings	8	-	-	-	(448,070)
		(210,370)	845,190	2,231,260	2,639,000

(Forward)

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020 (CONTINUED)

	Notes	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Item that may be reclassified to profit or loss subsequently:					
Foreign currency translation differences		1,956,242	8,593,890	6,913,588	(5,231,019)
Total comprehensive income for the financial year		32,999,546	69,576,989	86,596,623	16,097,904
Profit for the financial year attributable to:					
Owner of the parent		30,413,315	55,547,284	72,217,410	17,797,114
Non-controlling interests	20	840,359	4,590,625	5,234,365	892,809
		31,253,674	60,137,909	77,451,775	18,689,923
Total comprehensive income for the financial year attributable to:					
Owner of the parent		32,125,259	64,546,855	81,024,225	15,126,001
Non-controlling interests	20	874,287	5,030,134	5,572,398	971,903
		32,999,546	69,576,989	86,596,623	16,097,904
Earnings per ordinary share (sen):					
Basic earnings per ordinary share	9	27.53	50.28	96.77	28.40
Diluted earnings per ordinary share	9	27.53	50.28	65.37	16.11

The accompanying Notes form an integral part of the combined financial statements of the Group.

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

	Notes	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	312,099,010	317,110,711	320,711,215	325,380,408
Prepaid lease payments	11	19,024,019	19,933,403	20,341,816	20,878,248
Goodwill on consolidation	12	6,077,776	5,340,011	5,146,787	4,900,865
Receivables, deposits and prepayments	13	1,822,727	1,390,752	2,187,461	1,998,836
Investment in subsidiaries	14	-	50,001	1	1
Total Non-Current Assets		339,023,532	343,824,878	348,387,280	353,158,358
Current Assets					
Inventories	15	40,817,670	67,714,407	44,974,687	30,062,243
Biological assets	16	6,231,392	5,917,360	6,177,026	4,233,267
Receivables, deposits and prepayments	13	22,852,654	15,394,533	22,899,420	36,172,301
Current tax assets		8,837,410	3,909,828	-	6,352,358
Cash and bank balances	17	73,895,739	42,014,471	57,464,522	36,250,247
Total Current Assets		152,634,865	134,950,599	131,515,655	113,070,416
TOTAL ASSETS		491,658,397	478,775,477	479,902,935	466,228,774

(Forward)

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020 (CONTINUED)

	Notes	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	18	82,595,375	112,595,375	112,595,375	112,595,375
Reserves	19	217,209,844	155,084,585	90,537,730	9,513,505
Equity attributable to the owner of the parent		299,805,219	267,679,960	203,133,105	122,108,880
Non-controlling interests	20	14,143,799	13,269,512	8,239,378	2,666,980
Total Equity		313,949,018	280,949,472	211,372,483	124,775,860
Non-Current Liabilities					
Provisions	21	18,784,548	15,705,767	15,210,765	16,654,766
Payables and accruals	22	3,421,585	31,326,624	59,516,424	62,457,570
Loan and borrowings	23	-	2,317,544	22,269,300	54,450,908
Deferred tax liabilities	24	3,485,653	5,802,468	9,726,487	7,234,613
Hire purchase liabilities	25	457,066	-	-	-
Total Non-Current Liabilities		26,148,852	55,152,403	106,722,976	140,797,857
Current Liabilities					
Payables and accruals	22	149,080,705	142,663,413	98,937,002	123,777,673
Loan and borrowings	23	2,359,952	-	46,498,949	76,768,645
Hire purchase liabilities	25	119,870	-	-	-
Current tax liabilities		-	10,189	16,371,525	108,739
Total Current Liabilities		151,560,527	142,673,602	161,807,476	200,655,057
Total Liabilities		177,709,379	197,826,005	268,530,452	341,452,914
TOTAL EQUITY AND LIABILITIES		491,658,397	478,775,477	479,902,935	466,228,774

The accompanying Notes form an integral part of the combined financial statements of the Group.

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

		Non-distributable		Distributable			
	Issued capital RM	Translation reserve RM	Revaluation reserve RM	(Accumulated losses)/Retained earnings RM	Attributable to owner of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at October 1, 2019	112,595,375	(2,540,911)	4,518,887	(7,590,472)	106,982,879	1,695,077	108,677,956
Comprehensive income							
Profit for the financial year	-	-	-	17,797,114	17,797,114	892,809	18,689,923
Other comprehensive (loss)/income							
Foreign currency translation differences	-	(5,142,400)	-	-	(5,142,400)	(88,619)	(5,231,019)
Revaluation surplus of building - net of tax	-	-	2,256,313	-	2,256,313	133,657	2,389,970
Remeasurement gain on defined benefits plans - net of tax	-	-	-	214,974	214,974	34,056	249,030
Total comprehensive (loss)/income for the financial year	-	(5,142,400)	2,256,313	18,012,088	15,126,001	971,903	16,097,904
Balance as at September 30, 2020	112,595,375	(7,683,311)	6,775,200	10,421,616	122,108,880	2,666,980	124,775,860

(Forward)

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020 (CONTINUED)

		Non-distributable		Distributable			
	Issued capital RM	Translation reserve RM	Revaluation reserve RM	Retained earnings RM	Attributable to owner of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at October 1, 2020	112,595,375	(7,683,311)	6,775,200	10,421,616	122,108,880	2,666,980	124,775,860
Comprehensive income							
Profit for the financial year	-	-	-	72,217,410	72,217,410	5,234,365	77,451,775
Other comprehensive income							
Foreign currency translation differences	-	6,693,735	-	-	6,693,735	219,853	6,913,588
Remeasurement gain on defined benefits plans - net of tax	-	-	-	2,113,080	2,113,080	118,180	2,231,260
Total comprehensive income for the financial year	-	6,693,735	-	74,330,490	81,024,225	5,572,398	86,596,623
Balance as at September 30, 2021	112,595,375	(989,576)	6,775,200	84,752,106	203,133,105	8,239,378	211,372,483

(Forward)

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020 (CONTINUED)

		Non-distributable		Distributable			
	Issued capital RM	Translation reserve RM	Revaluation reserve RM	Retained earnings RM	Attributable to owner of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at October 1, 2021	112,595,375	(989,576)	6,775,200	84,752,106	203,133,105	8,239,378	211,372,483
Comprehensive income							
Profit for the financial year	-	-	-	55,547,284	55,547,284	4,590,625	60,137,909
Other comprehensive income							
Foreign currency translation differences	-	8,206,343	-	-	8,206,343	387,547	8,593,890
Remeasurement gain on defined benefits plans-net of tax	-	-	-	793,228	793,228	51,962	845,190
Total comprehensive income for the financial year	-	8,206,343	-	56,340,512	64,546,855	5,030,134	69,576,989
Balance as at September 30, 2022	112,595,375	7,216,767	6,775,200	141,092,618	267,679,960	13,269,512	280,949,472

(Forward)

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020 (CONTINUED)

		Non-distributable		Distributable			
	Issued capital RM	Translation reserve RM	Revaluation reserve RM	Retained earnings RM	Attributable to owner of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at October 1, 2022	112,595,375	7,216,767	6,775,200	141,092,618	267,679,960	13,269,512	280,949,472
Comprehensive income							
Profit for the financial year	-	-	-	30,413,315	30,413,315	840,359	31,253,674
Other comprehensive income							
Foreign currency translation differences	-	1,914,458	-	-	1,914,458	41,784	1,956,242
Remeasurement gain on defined benefits plans-net of tax	-	-	-	(202,514)	(202,514)	(7,856)	(210,370)
Total comprehensive income for the financial year	-	1,914,458	-	30,210,801	32,125,259	874,287	32,999,546
Transaction with owners							
Capital reduction pursuant to Section 116 of the Companies Act, 2016	(30,000,000)	-	-	30,000,000	-	-	-
Balance as at September 30, 2023	82,595,375	9,131,225	6,775,200	201,303,419	299,805,219	14,143,799	313,949,018

The accompanying Notes form an integral part of the combined financial statements of the Group.

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	41,298,870	73,483,730	102,027,219	27,605,689
Adjustments for:				
Depreciation of property, plant and equipment	32,724,714	30,440,013	30,344,627	29,605,106
Interest expenses on:				
Amount due to related company	4,610,748	4,596,524	4,667,598	5,404,304
Loan and borrowings	200,342	1,243,410	3,201,011	7,200,786
Hire purchase liabilities	20,955	-	-	-
Provision for post-employment benefit obligations	4,415,620	3,163,357	2,064,106	3,711,395
Amortisation of prepaid lease payments	908,566	556,716	727,493	723,141
Unrealised loss/(gain) on foreign exchange-net	534,827	(4,490,904)	(7,785,247)	13,878,605
Property, plant and equipment written off	60,489	579,953	234,376	305,513
Gain on disposal of subsidiary	(2,853,713)	-	-	-
Interest income	(832,320)	(654,507)	(675,821)	(543,266)
Changes in fair values of biological assets	(288,344)	577,142	(1,637,252)	913,440
Impairment loss on investment in subsidiary	-	3,191,184	-	1,222,445
Inventories written off	-	577	721	4,493
Bad debts written off	-	-	94,291	251,486
Operating Profit Before Working Capital Changes	80,800,754	112,687,195	133,263,122	90,283,137
Decrease/(Increase) in inventories	26,896,737	(22,740,297)	(14,913,165)	(7,944,686)
(Increase)/Decrease in receivables, deposits and prepayments	(11,059,153)	5,501,065	13,253,625	(3,740,184)
(Decrease)/Increase in payables and accruals	(22,206,890)	16,906,305	(23,843,565)	12,292,863
Cash Generated from Operations	74,431,448	112,354,268	107,760,017	90,891,130

(Forward)

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020 (CONTINUED)

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Interest received	832,320	654,507	675,821	543,266
Interest paid	(4,832,045)	(5,839,934)	(7,901,850)	(12,772,693)
Tax paid	(17,258,197)	(39,547,245)	(9,346,974)	(5,893,673)
Tax refunded	-	-	8,712,054	5,222,049
Retirement benefit obligation paid	(1,833,446)	(1,978,519)	(1,514,693)	(746,241)
Net Cash from Operating Activities	51,340,080	65,643,077	98,384,375	77,243,838
CASH FLOWS USED IN INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(27,844,060)	(16,111,976)	(10,048,714)	(9,238,777)
Repayment from/(Advance to) a subsidiary	3,169,057	2,800,531	(263,660)	43,625
Proceeds of disposal of subsidiaries	2,903,714	-	-	-
Acquisition of a subsidiary	-	(1)	-	-
Subscription of shares in subsidiaries	-	(3,241,183)	-	-
Net Cash Used in Investing Activities	(21,771,289)	(16,552,629)	(10,312,374)	(9,195,152)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Payments of hire purchase liabilities	(89,064)	-	-	-
Repayment of term loans	-	(36,526,371)	(58,602,014)	(82,273,796)
Drawdown of term loans	-	2,258,872	14,359,254	28,354,387
Repayment of revolving credits	-	(32,783,522)	(21,523,614)	(13,402,050)
Advance from/(Repayment to) related companies	-	1,115,524	(1,906,623)	2,436,477
Deposits and bank balances released/(pledged) as securities	-	10,259,714	2,404,960	(313,717)
Drawdown of revolving credits	-	-	-	6,261,288
Net Cash Used in Financing Activities	(89,064)	(55,675,783)	(65,268,037)	(58,937,411)

(Forward)

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED SEPTEMBER 30, 2023, SEPTEMBER 30, 2022, SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020 (CONTINUED)

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	29,479,727	(6,585,335)	22,803,964	9,111,275
Effect of exchange rate fluctuations	2,401,541	1,394,998	815,271	(4,012,358)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	42,014,471	47,204,808	23,585,573	18,486,656
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	73,895,739	42,014,471	47,204,808	23,585,573

Cash and cash equivalents

Cash and cash equivalents included in the combined statements of cash flows comprise the following amounts:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cash and bank balances (Note 17)	73,895,739	42,014,471	57,464,522	36,250,247
Less: Deposits and bank balances pledged for credit facilities	-	-	(10,259,714)	(12,664,674)
	73,895,739	42,014,471	47,204,808	23,585,573

Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Interest capitalised	-	-	(34,190)	(167,603)
Financed by hire purchase arrangement	(666,000)	-	-	-
Acquisition of property, plant and equipment ("PPE") (Note 10)	28,510,060	16,111,976	10,082,904	9,406,380
Cash payments	27,844,060	16,111,976	10,048,714	9,238,777

Reconciliation of liabilities arising from financing activities are as per below:

	As at October 1, 2022 RM	Non-cash charges RM	Financing cash flows RM	Effect of movements in exchange rate RM	As at September 30, 2023 RM
Term loans	2,317,544	-	-	42,408	2,359,952
Amount due to related companies	67,764,953	-	-	353,893	68,118,846
Hire purchase liabilities	-	666,000	(89,064)	-	576,936
	70,082,497	666,000	(89,064)	396,301	71,055,734

	As at October 1, 2021 RM	Financing cash flows RM	Effect of movements in exchange rate RM	As at September 30, 2022 RM
Term loans	37,328,595	(34,267,499)	(743,552)	2,317,544
Revolving credits	31,439,654	(32,783,522)	1,343,868	-
Amount due to related companies	66,903,620	1,115,524	(254,191)	67,764,953
	135,671,869	(65,935,497)	346,125	70,082,497

	As at October 1, 2020 RM	Financing cash flows RM	Effect of movements in exchange rate RM	As at September 30, 2021 RM
Term loans	79,193,028	(44,242,760)	2,378,327	37,328,595
Revolving credits	52,026,525	(21,523,614)	936,743	31,439,654
Amount due to related companies	68,671,968	(1,906,623)	138,275	66,903,620
	199,891,521	(67,672,997)	3,453,345	135,671,869

	As at October 1, 2019 RM	Financing cash flows RM	Effect of movements in exchange rate RM	As at September 30, 2020 RM
Term loans	134,831,001	(53,919,409)	(1,718,564)	79,193,028
Revolving credits	60,629,285	(7,140,762)	(1,461,998)	52,026,525
Amount due to related companies	66,300,552	2,436,477	(65,061)	68,671,968
	261,760,838	(58,623,694)	(3,245,623)	199,891,521

The accompanying Notes form an integral part of the combined financial statements of the Group.

MKH OIL PALM (EAST KALIMANTAN) BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

MKH Oil Palm (East Kalimantan) Berhad was incorporated on August 10, 2004 under the Companies Act, 2016 ("the Act") as a private limited company.

On January 7, 2021, the Company changed its name from Detik Merdu Sdn. Bhd. to MKH Global Plantation Sdn. Bhd..

On October 1, 2021, the Company changed its name from MKH Global Plantation Sdn. Bhd, to MKH Oil Palm (East Kalimantan) Sdn. Bhd..

On August 11, 2022, the Company converted from a private limited company to a public limited company and the name of the Company converted from MKH Oil Palm (East Kalimantan) Sdn. Bhd. to MKH Oil Palm (East Kalimantan) Berhad.

The registered office and principal place of business of the Company is located at G-02 & G-03, Ground Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The Company is principally an investment holding and management services company. The principal activities of the combining entities are set out in Note 35.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of preparation

The restructuring exercise, as part of the listing scheme in relation to the listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Securities ("IPO"), will result in the Company becoming the holding company of the combined entities as set out in Note 35.

The combined financial statements of the Group have been prepared solely in connection with the IPO and for no other purposes.

The combined financial statements consist of the financial statements of the Company and the combining entities under common control of MKH Berhad. The Company's ultimate holding company is MKH Berhad, which is incorporated in Malaysia and is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad.

The combined financial statements of the Group have been prepared as if the Group has been operated as a single economic entity throughout the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Common control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain the benefits from their activities and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information as prepared in the combined financial statements may not correspond with the consolidated financial statements of the Group after incorporating or effecting the relevant acquisitions, as the combined financial statements reflect business combinations under common control for the purpose of the IPO. Such financial information from the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Group.

The combined financial statements of the Group for the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The combined financial statements of the Group have been prepared under the historical cost basis, except as disclosed in the material accounting policy information in Note 3 and in accordance with Chapter 10 Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission of Malaysia for purpose of inclusion in the Prospectus of the Company in connection with the IPO.

The preparation of combined financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported periods. It also requires directors to exercise their judgements in the process of applying the accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(b).

Adoption of New and Amendments of MFRS and Issues Committee ("IC") Interpretation

As at September 30, 2023, the Group has adopted all the amendments to MFRS issued by the Malaysia Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual periods beginning on or after October 1, 2022.

Amendments to MFRS 3	References to the Conceptual Framework
Amendments to MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020

The adoption of these amendments to MFRSs have not had any material impact on the disclosures or on the amounts reported in the financial statements.

New and amendments to Standards in issue but not yet effective

At the date of authorisation for issue of these combined financial statements, the new and amendments to MFRS which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

MFRS 17	Insurance Contracts [a]
Amendments to MFRS 17	Insurance Contracts [a]
Amendments to MFRS 17	Initial Application of MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* - Comparative Information [a]
Amendments to MFRS 101 and MFRS Practice Statements 2	Disclosure of Accounting Policies [a]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [a]
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules [d]
Amendments to MFRS 108	Definition of Accounting Estimates [a]
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback [b]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current [b]
Amendments to MFRS 101	Non-current Liabilities with Covenants [b]
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements [b]
Amendments to MFRS 121	Lack of Exchangeability [c]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [e]

(a) Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

(b) Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

(c) Effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

(d) Immediately for Para 4A and 88A and effective for annual period beginnings on or after 1 January 2023 for Para 88B - 88D.

(e) Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the abovementioned new and amendments to MFRS will be adopted in the combined financial statements of the Group when they become effective and that the adoption of these new and amendments to MFRS will have no material impact on the combined financial statements of the Group in the period of initial application.

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements of the Group are presented in Ringgit Malaysia ("RM"). All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(b) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the combined financial statements are described in the following paragraphs:

(i) Tax expense (Note 8) – significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the tax expense. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

(ii) Valuation of land and buildings (Note 10) – the valuation of land and buildings performed by management is based on independent professional valuations with reference to the direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. Management believes that the chosen valuation techniques and assumptions are appropriate in determining the valuation of the Group's land and buildings.

(iii) Impairment of property, plant and equipment (Note 10) – the Group assesses impairment of property, plant and equipment when there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies. In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that require significant judgements. While the Group believes these estimates and assumptions of VIU such as discount rate, revenue growth and costs of sales could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's financial position and results.

(iv) Depreciation of property, plant and equipment (Note 10) – the cost of property, plant and equipment are depreciated on a straight line basis over the assets' useful lives and lease term respectively. Management estimates the useful lives of these property, plant and equipment to be within 4 to 99 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges. Depreciation of bearer plants is charged so as to write off the cost of mature plantations, using the straight line method, over the estimated useful lives of 20 years or over the lease period, whichever is shorter.

(v) Impairment loss on receivables (Note 13) – the Group accounts for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. The Group uses a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables.

(vi) Inventories (Note 15) – the saleability of inventories such as crude palm oil and palm kernel are reviewed by management on a periodic basis. This review involves comparison of the carrying values of the inventory items with the respective net realisable values. The purpose is to ascertain whether a write down to net realisable value is required to be made.

(vii) Provision of post-employment benefit obligations (Note 21) – the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involves making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty.

(viii) Fair values of biological assets (Note 16) – to arrive at the fair values of Fresh Fruits Bunches ("FFB"), management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 15 days to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 15 days prior to harvest was used for valuation purposes. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flows to be generated.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of combination

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or a loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the combination method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the combination date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Combination-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or deferred tax liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with MFRS 9 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete at the reporting date in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

(c) **Business Combinations Involving Common Control Entities**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

The combined financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling parties. The share capital of all the combining entities is presented as invested capital in the combined statement of financial position.

A single uniform set of accounting policies is adopted by the combining entities. Therefore, the net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control, where this is a shorter period, regardless of the date of the common control combination.

The combined statement of profit or loss and other comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination. Expenditure incurred in connection with the restructuring is recognised as an expense in profit or loss.

The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combining entities.

The debit differences arising between the cost of acquisition and the nominal value of share capital of the subsidiaries are reflected within equity as invested capital.

(d) **Foreign currency**

(i) **Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the Group entities' functional currency (foreign currencies) are recorded in the Group entities' functional currency at the exchange rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the combined consolidated financial statements are translated into RM as follows:

(i) assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
(ii) income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
(iii) all resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences accumulated in equity at the date of disposal of the subsidiary is reclassified to the combined consolidated profit or loss.

(e) Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(i) Sales of goods

Revenue from sales of goods, crude palm oil ("CPO") and palm kernel is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognised by the Group at a point in time when control of the goods underlying the performance obligation is transferred to the buyers.

(ii) Interest income

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

(f) Employee benefits

(i) Short-term employee benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees' Provident Fund ("EPF") or other defined contributable plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Defined benefit plans

Both foreign subsidiaries of the Group operate unfunded defined benefit schemes. The foreign subsidiaries' obligations under the schemes are determined based on external actuarial valuation in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or a credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost and past service cost);
- net interest expense or income; and
- remeasurement.

The amount recognised at the reporting date represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Plan assets resulting from this calculation are to be used only to settle the employee benefit obligations and only can be returned to the Group if the remaining assets of the fund are sufficient to meet the plan's obligation to pay the related employee benefits directly.

(g) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or completed.

(h) Leases

Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the lessor has a substantive substitution right, the asset is not identified.
- the lessee has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the lessee has the right to direct the use of the asset. The lessee has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the lessee has the right to operate the asset; or the lessor designed the asset in a way that predetermines how and for what purpose it will be used.

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

(i) The Group as lessee

(i) Recognition and initial measurement

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

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

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

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(ii) Subsequent measurement

The right-of-use asset is subsequently measured at cost, less accumulated depreciation and accumulated impairment loss (if any) in accordance with MFRS 136 *Impairment of Assets*. The right-of-use asset is generally depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The estimated useful lives of right-of-use asset is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is adjusted for certain remeasurement of the lease liabilities.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or a rate or change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and

- a lease contract is modified and the lease modifications is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

Determination of lease term

In determining the lease term upon the lease commencement, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group which affects whether the Group is reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

(i) Tax expense

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

(j) **Property, plant and equipment**

(i) **Recognition and measurement**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, except for production buildings, are stated at cost less accumulated depreciation and impairment loss, if any. Production buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and accumulated impairment loss, if any.

The Group revalues its production buildings every five years from the last date of valuation or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(ii) **Subsequent costs**

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

(iii) **Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

The principal annual rates for the current and comparative financial years are as follows:

Production buildings	5% to 12.5%
Residential buildings	5% to 12.5%
Motor vehicles, plant and machinery	5% to 12.5%
Furniture, fittings and equipment	12.5%
Plantation infrastructure	12.5%
Bearer plants	20 years, or over the lease period if shorter

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants (oil palm trees) include mature plantations and immature plantations that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 20 years or over the lease period, whichever is shorter.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the end of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use. Any gains or losses on disposal of bearer plants are recognised in profit or loss in the year of disposal.

The residual values and useful lives of bearer plants are reviewed, and adjusted as appropriate, at each reporting date.

(k) Property, plant and equipment under hire-purchase arrangement

Property, plant and equipment acquired under hire purchase arrangement are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit and loss to give a constant periodic rate of interest on the remaining hire-purchase obligations.

(l) **Prepaid lease payments**

The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments that are stated at cost less accumulated amortisation, are amortised over the lease term on a straight-line basis.

(m) **Goodwill**

Goodwill arises on the acquisition of subsidiaries is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

(n) **Biological assets**

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

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

(o) **Inventories**

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

Cost of inventories is based on the specific identification, first-in first-out and weighted average principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Crude palm oil and palm kernel includes direct labour, an appropriate share of production overheads and the fair value attributed to agriculture produce at year end in accordance with MFRS 141. The fair value of biological assets harvested from the Group's own plantation and sold during the year are recorded as part of the biological assets movement (Note 16) and as part of changes in fair value of biological assets" in determining profit.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

(p) Impairment of non-financial assets

The carrying amounts of assets (except for inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

(q) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the combined statements of profit and loss and other comprehensive income. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or a loss in the combined statements of profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

(i) **Financial assets**

Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss. Fair value changes are recognised in the combined statements of profit or loss and other comprehensive income at each reporting date.

Impairment of financial assets

An impairment loss is recognised in profit or loss based on ECL at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from defaults event on a financial instrument that are possible within 12 months after the reporting date.

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Group applies the simplified approach to measure the impairment of trade receivables at lifetime ECL. The ECL are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

To measure the ECL, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

For other financial assets such as other receivables and amount due from intercompany, the Group recognises lifetime ECL 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 Group measures the impairment losses for that financial instrument at an amount equal to 12-month ECL.

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

At the end of each reporting period, the Group assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

Deposits and bank balances of the Group are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Group does not expect any losses from default or non-performance by the counterparties.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On the recognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the combined statements of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the combined statements of profit or loss.

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 through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the combined statements of profit or loss and other comprehensive income.

(r) Cash and cash equivalents

The Group adopts the indirect method in the preparation of the combined statements of cash flows. Cash and cash equivalents are short-term and highly liquid investments and are readily convertible to cash with insignificant risk of changes in value. For the purpose of the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(s) Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the management's best estimate of the amount required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

At the reporting date, provisions are reviewed by the management and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

(t) Contingencies

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(u) **Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to chief operating decision maker who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) **Fair value measurement**

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 another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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.

4. REVENUE

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Revenue from contracts with customers:				
Sales of CPO and palm kernel	337,980,732	315,817,268	294,458,125	250,453,420
Sales of goods	-	-	12,152,681	31,870,089
	337,980,732	315,817,268	306,610,806	282,323,509

The Group is engaged in trading of CPO, palm kernel, building materials and household related products. The Group entered into contracts with customers to supply goods. Revenue is recognised upon delivery and issuance of sales invoice to customers. However, the Group had ceased its operations in trading of building materials and household related products in 2021.

Performance obligation is satisfied upon delivery of goods to customers and acknowledged by customers. The credit term granted to customers generally ranged from cash on delivery ("COD") to 30 days (September 30, 2022: COD to 30 days; September 30, 2021 and September 30, 2020: COD to 60 days). No allocation of transaction price required to performance obligation as each contract consists of one performance obligation only.

There is no right of return and warranty provided to the customers on the sales of CPO and palm kernel and sales of goods.

The Group's revenue excludes intra-group transactions.

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Timing of revenue recognition				
Point in time	337,980,732	315,817,268	306,610,806	282,323,509

5. COST OF SALES

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cost of sales of CPO and palm kernel	246,004,301	185,948,501	154,860,892	152,049,857
Cost of goods sold	-	-	11,376,068	30,740,792
	246,004,301	185,948,501	166,236,960	182,790,649

6. PROFIT BEFORE TAX

Profit before tax is arrived at:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	32,724,714	30,440,013	30,344,627	29,605,106
Employee benefit expenses:				
Contribution to Employees' Provident Fund	406,450	412,897	216,923	241,838
Provision for post-employment benefit obligations	4,415,620	3,163,357	2,064,106	3,711,395
Wages, salaries and others	11,716,272	11,622,872	10,553,965	10,527,043
Interest expenses on:				
Amount due to related company (Note 27(b))	4,610,748	4,596,524	4,667,598	5,404,304
Loans and borrowings	200,342	1,243,410	3,201,011	7,200,786
Hire purchase liabilities	20,955	-	-	-
Amortisation of prepaid lease payments	908,566	556,716	727,493	723,141
Expenses relating to short-term leases	407,899	259,184	112,598	87,385
Loss on foreign exchange - net:				
Realised	116,622	641,563	-	3,366,212
Unrealised	534,827	-	-	13,878,605
Auditors' remuneration:				
Statutory audit	307,954	281,490	257,800	158,195
Non-statutory audit	-	856,100	-	-
Property, plant and equipment written off	60,489	579,953	234,376	305,513
Impairment loss on investment in subsidiary	-	3,191,184	-	1,222,445
Changes in fair values of biological assets	-	577,142	-	913,440
Inventories written off	-	577	721	4,493
Bad debts written off	-	-	94,291	251,486

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
And after crediting:				
Gain on disposal of subsidiary	2,853,713	-	-	-
Changes in fair values of biological assets	288,344	-	1,637,252	-
Gain on foreign exchange - net:				
Realised	-	-	3,079,358	-
Unrealised	-	4,490,904	7,785,247	-
Interest income	832,320	654,507	675,821	543,266

7. REMUNERATION OF DIRECTORS AND KEY MANAGEMENTS

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Directors of the Company				
Executive Directors:				
Other emoluments	767,960	421,433	200,484	-
Benefit-in-kind	40,808	7,487	4,400	-
	808,768	428,920	204,884	-
Non-Executive Directors:				
Fees	685,850	-	-	-
Other emoluments	26,000	-	-	-
	711,850	-	-	-
	1,520,618	428,920	204,884	-
Directors of subsidiaries				
Other emoluments	-	104,661	87,797	85,891
Key Managements				
Other emoluments	938,142	780,189	343,818	-
Post-employment benefits	112,766	93,821	41,364	-
	1,050,908	874,010	385,182	-
	2,571,526	1,407,591	677,863	85,891

Key managements comprise persons other than the directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

8. TAX EXPENSE

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Current tax				
Malaysia:				
Current financial year	59,700	142,900	174,400	192,500
Under provision in prior financial year	(29,716)	112,248	1,800	1,023
Overseas:				
Current financial year	14,001,099	19,020,933	23,511,843	9,771,649
(Over)/under provision in prior financial year	(1,710,657)	-	(437,979)	372,906
	12,320,426	19,276,081	23,250,064	10,338,078
Deferred tax (Note 24)				
Origination and reversal of temporary differences	(3,391,487)	(2,150,258)	1,325,380	(1,422,312)
Over provision in prior financial year	1,716,257	(3,780,002)	-	-
	(2,275,230)	(5,930,260)	1,325,380	(1,422,312)
Total tax expense recognised in profit or loss	10,045,196	13,345,821	24,575,444	8,915,766
Deferred tax related to other comprehensive income (Note 24):				
Revaluation of buildings	-	-	-	448,070
Remeasurement (gains)/losses on defined benefits plans	(61,670)	512,070	958,113	(393,890)
Total tax expense recognised in other comprehensive (income)/loss	(61,670)	512,070	958,113	54,180

A reconciliation of tax expense applicable to profit before tax at the statutory income tax rate to tax expense at the effective tax rate of the Group is as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Profit before tax	41,298,870	73,483,730	102,027,219	27,605,689
Tax calculated using the Malaysian tax rate of 24%	9,911,700	17,636,095	24,486,533	6,625,365
Tax effects of non-deductible expenses	1,087,316	2,109,013	3,663,773	3,119,802
Tax effects of non-taxable income	(867,486)	(143,992)	(751,737)	(119,519)
Effect of differences in overseas tax rate	(779,818)	(1,582,279)	(2,027,848)	(563,168)
Deferred tax assets not recognised	717,600	-	-	-
Realisation of deferred tax assets not recognised in previous financial years	-	(1,005,262)	(359,098)	(520,643)
(Over)/Under provision in prior financial years:				
Current tax	(1,740,373)	112,248	(436,179)	373,929
Deferred tax	1,716,257	(3,780,002)	-	-
Tax expense	10,045,196	13,345,821	24,575,444	8,915,766

As mentioned in Note 3, the tax effects of unused tax losses would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which unused tax losses can be utilised. As at September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020, the estimated amount of unused tax losses, for which the net deferred tax assets are not recognised in the combined financial statements due to uncertainty of realisation, is as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Unused tax losses	8,892,428	5,630,458	10,199,831	11,832,093

Under the Indonesian tax regulations, the unused tax losses can be utilised within 5 years after the losses were incurred.

Business loss incurred in year of assessment ("YA")	RM	Carried forward up to YA	Unutilised amount will be disregarded in YA
2018	5,630,458	2023	2024
2023	3,261,970	2028	2029

Tax Assessment YA 2019

On January 7, 2021, PT Maju Kalimantan Hadapan ("PTMKH"), a subsidiary of the Company, received a Notice of Tax Overpaid Assessment from the Indonesia's Director General of Tax ("DGT") amounting to IDR29,816 million, equivalent to RM8.68 million for the year of assessment 2019.

On April 1, 2021, PTMKH filed an objection letter in reply to the above Notice of Tax Overpaid Assessment, as management are of the opinion, PTMKH should have tax refund amounting to IDR35,281 million, equivalent to RM10.27 million. DGT have restricted the claim on management fee incurred by PTMKH amounted to IDR21,855 million, equivalent to RM6.37 million which resulted in additional tax liability of IDR5,464 million, equal to RM1.59 million. On December 24, 2021, the objection letter has been rejected by tax appeal office in Balikpapan, Indonesia.

On March 18, 2022, PTMKH filed an appeal to tax court in Jakarta, Indonesia. On August 24, 2022, PTMKH received a notice of tax hearing from Jakarta's tax court to attend the said appeal on September 7, 2022. The Jakarta's tax court had requested PTMKH to provide additional analysis and summary report for the tax assessment during the tax hearing on September 7, 2022, October 5, 2022, November 9, 2022, December 7, 2022, January 25, 2023 and February 22, 2023, March 29, 2023 and May 17, 2023. As at to date, the Jakarta's tax court has yet to make a conclusion on PTMKH appeal to the abovementioned.

Based on consultation with the local tax experts, the Board of MKHOP are of the opinion that PTMKH has a valid defense against DGT's assessment. Accordingly, PTMKH has not made any adjustments in respect of the tax assessment in the combined financial statements of the Group and PTMKH.

9. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share is calculated by dividing the Group's profit attributable to owner of the parent by the weighted average number of ordinary shares in issue during the financial year.

Basic earnings per share are calculated as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Profit attributable to owner of the parent	30,413,315	55,547,284	72,217,410	17,797,114
Number of ordinary shares in issue at beginning of the financial year	110,474,975	110,474,975	62,674,975	62,674,975
Adjusted weighted average number of new ordinary shares	-	-	11,950,000	-
Weighted average number of ordinary shares for the purpose of basic earnings per share	110,474,975	110,474,975	74,624,975	62,674,975
Basic earnings per ordinary share (sen)	27.53	50.28	96.77	28.40

Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit attributable to owner of the parent for the financial year by the weighted average number of ordinary shares that would have been in issue assuming exercise of the redeemable convertible preference shares, adjusted for the number of such ordinary shares that would have been issued at fair value:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Profit attributable to owner of the parent	30,413,315	55,547,284	72,217,410	17,797,114
Weighted average number of ordinary shares for the purpose of basic earnings per share	110,474,975	110,474,975	74,624,975	62,674,975
Weighted average number of redeemable convertible preference shares for the purpose of diluted earnings per share	-	-	35,850,000	47,800,000
	110,474,975	110,474,975	110,474,975	110,474,975
Diluted earnings per ordinary share (sen)	27.53	50.28	65.37	16.11

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
Balance as at October 1, 2022	44,424,768	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	572,577,615
Additions	-	3,731,053	7,349,649	914,582	-	-	16,514,776	28,510,060
Write-offs	(447,079)	(299,550)	(1,220,503)	(116,473)	-	-	-	(2,083,605)
Reclassification	1,714,062	9,529	949,704	30,199	-	261,825	(2,965,319)	-
Effect of movements in exchange rate	(11,900)	(27,748)	(34,692)	(3,320)	-	(265)	(22,099)	(100,024)
Balance as at September 30, 2023	45,679,851	14,200,479	114,937,654	11,876,944	342,168,689	55,302,594	14,737,835	598,904,046
Accumulated depreciation								
Balance as at October 1, 2022	18,367,803	7,562,433	58,687,129	7,104,034	138,387,910	25,357,595	-	255,466,904
Charge for the financial year	3,905,584	1,131,195	7,104,160	913,162	16,991,495	2,679,118	-	32,724,714
Write-offs	(430,698)	(284,234)	(1,203,026)	(105,158)	-	-	-	(2,023,116)
Effect of movements in exchange rate	995	(23,266)	297,006	(2,682)	366,382	(1,901)	-	636,534
Balance as at September 30, 2023	21,843,684	8,386,128	64,885,269	7,909,356	155,745,787	28,034,812	-	286,805,036
Net carrying amounts								
As at September 30, 2023	23,836,167	5,814,351	50,052,385	3,967,588	186,422,902	27,267,782	14,737,835	312,099,010

13. ACCOUNTANTS' REPORT *(Cont'd)*

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
Balance as at October 1, 2021	43,970,499	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	539,014,580
Additions	3,023	1,598,903	8,702,059	1,864,832	-	-	3,943,159	16,111,976
Write-offs	(61,335)	(385,992)	(2,417,130)	(90,232)	-	-	-	(2,954,689)
Reclassification	(1,144,289)	-	4,378,192	63,430	14,936,383	178,038	(18,411,754)	-
Effect of movements in exchange rate	1,656,870	343,146	3,499,674	332,114	12,025,325	1,985,490	563,129	20,405,748
Balance as at September 30, 2022	44,424,768	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	572,577,615
Accumulated depreciation								
Balance as at October 1, 2021	16,242,363	6,696,615	50,140,353	6,210,000	117,306,965	21,707,069	-	218,303,365
Charge for the financial year	1,541,393	942,574	8,161,072	739,239	16,229,121	2,826,614	-	30,440,013
Write-offs	(61,335)	(322,749)	(1,912,935)	(77,717)	-	-	-	(2,374,736)
Effect of movements in exchange rate	645,382	245,993	2,298,639	232,512	4,851,824	823,912	-	9,098,262
Balance as at September 30, 2022	18,367,803	7,562,433	58,687,129	7,104,034	138,387,910	25,357,595	-	255,466,904
Net carrying amounts								
As at September 30, 2022	26,056,965	3,224,762	49,206,367	3,947,922	203,780,779	29,683,439	1,210,477	317,110,711

13. ACCOUNTANTS' REPORT *(Cont'd)*

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
Balance as at October 1, 2020	40,777,309	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	504,515,889
Additions	-	127,104	3,546,283	499,421	-	38,812	5,871,284	10,082,904
Write-offs	(108,540)	(106,263)	(826,116)	(154,555)	-	-	-	(1,195,474)
Reclassification	1,248,807	-	2,651,963	467,061	-	339,269	(4,707,100)	-
Effect of movements in exchange rate	2,052,923	440,219	4,257,447	389,748	15,304,958	2,510,713	655,253	25,611,261
Balance as at September 30, 2021	43,970,499	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	539,014,580
Accumulated depreciation								
Balance as at October 1, 2020	11,918,506	5,642,448	41,605,769	5,438,678	96,445,450	18,084,630	-	179,135,481
Charge for the financial year	3,809,651	840,774	6,842,197	615,901	15,538,975	2,697,129	-	30,344,627
Write-offs	(107,770)	(74,857)	(657,760)	(120,711)	-	-	-	(961,098)
Effect of movements in exchange rate	621,976	288,250	2,350,147	276,132	5,322,540	925,310	-	9,784,355
Balance as at September 30, 2021	16,242,363	6,696,615	50,140,353	6,210,000	117,306,965	21,707,069	-	218,303,365
Net carrying amounts								
As at September 30, 2021	27,728,136	2,534,523	43,590,348	2,671,812	197,900,016	31,170,437	15,115,943	320,711,215

13. ACCOUNTANTS' REPORT *(Cont'd)*

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
Balance as at October 1, 2019	49,599,367	9,546,838	87,421,544	7,995,453	305,642,928	51,928,734	24,172,144	536,307,008
Additions	-	-	4,219,873	333,024	-	-	4,853,483	9,406,380
Write-offs	(315,525)	(270,568)	(1,851,846)	(218,153)	-	-	-	(2,656,092)
Reclassification	3,106,393	-	(788,041)	6,964	11,605,575	915,720	(14,846,611)	-
Revaluation	(8,894,253)	-	-	-	-	-	-	(8,894,253)
Effect of movements in exchange rate	(2,718,673)	(506,192)	(4,900,406)	(437,151)	(17,346,480)	(2,855,742)	(882,510)	(29,647,154)
Balance as at September 30, 2020	40,777,309	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	504,515,889
Accumulated depreciation								
Balance as at October 1, 2019	26,116,004	5,319,178	34,705,778	5,196,825	86,241,440	16,431,540	-	174,010,765
Charge for the financial year	3,658,819	876,068	6,493,185	688,464	15,322,254	2,566,316	-	29,605,106
Write-offs	(289,335)	(268,210)	(1,627,000)	(166,034)	-	-	-	(2,350,579)
Revaluation	(11,732,293)	-	-	-	-	-	-	(11,732,293)
Reclassification	(4,597,302)	-	4,597,302	-	-	-	-	-
Effect of movements in exchange rate	(1,237,387)	(284,588)	(2,563,496)	(280,577)	(5,118,244)	(913,226)	-	(10,397,518)
Balance as at September 30, 2020	11,918,506	5,642,448	41,605,769	5,438,678	96,445,450	18,084,630	-	179,135,481
Net carrying amounts								
As at September 30, 2020	28,858,803	3,127,630	42,495,355	2,241,459	203,456,573	31,904,082	13,296,506	325,380,408

The buildings of the Group include production buildings and residential buildings. The production buildings are stated at valuation were revalued by the directors based on independent professional valuation on the market value basis using the cost valuation method, except for residential buildings located at oil palm plantation with carrying amounts (including additions during the financial year) totalling RM9,261,077 (September 30, 2022: RM9,820,197; September 30, 2021: RM10,012,702; September 30, 2020: RM9,145,779) were not revalued as at September 2020. The directors are of the view that it is not practicable to fair value these residential buildings as there are mainly staff quarters and amenities which were built on oil palm plantation for use by the plantation workers and there is lack of active market for the buildings.

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
September 30, 2023								
Analysis of cost and valuation								
At valuation – September 2020	21,479,424	-	-	-	-	-	-	21,479,424
At cost	24,200,427	14,200,479	114,937,654	11,876,944	342,168,689	55,302,594	14,737,835	577,424,622
	45,679,851	14,200,479	114,937,654	11,876,944	342,168,689	55,302,594	14,737,835	598,904,046
Net carrying amounts								
At valuation – September 2020	14,575,090	-	-	-	-	-	-	14,575,090
At cost	9,261,077	5,814,351	50,052,385	3,967,588	186,422,902	27,267,782	14,737,835	297,523,920
	23,836,167	5,814,351	50,052,385	3,967,588	186,422,902	27,267,782	14,737,835	312,099,010

13. ACCOUNTANTS' REPORT *(Cont'd)*

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
September 30, 2022								
Analysis of cost and valuation								
At valuation – September 2020	21,479,424	-	-	-	-	-	-	21,479,424
At cost	22,945,344	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	551,098,191
	44,424,768	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	572,577,615
Net carrying amounts								
At valuation – September 2020	16,236,768	-	-	-	-	-	-	16,236,768
At cost	9,820,197	3,224,762	49,206,367	3,947,922	203,780,779	29,683,439	1,210,477	300,873,943
	26,056,965	3,224,762	49,206,367	3,947,922	203,780,779	29,683,439	1,210,477	317,110,711

13. ACCOUNTANTS' REPORT *(Cont'd)*

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
September 30, 2021								
Analysis of cost and valuation								
At valuation – September 2020	20,702,208	-	-	-	-	-	-	20,702,208
At cost	23,268,291	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	518,312,372
	43,970,499	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	539,014,580
Net carrying amounts								
At valuation -- September 2020	17,715,434	-	-	-	-	-	-	17,715,434
At cost	10,012,702	2,534,523	43,590,348	2,671,812	197,900,016	31,170,437	15,115,943	302,995,781
	27,728,136	2,534,523	43,590,348	2,671,812	197,900,016	31,170,437	15,115,943	320,711,215

13. ACCOUNTANTS' REPORT *(Cont'd)*

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
September 30, 2020								
Analysis of cost and valuation								
At valuation – September 2020	19,713,024	-	-	-	-	-	-	19,713,024
At cost	21,064,285	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	484,802,865
	40,777,309	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	504,515,889
Net carrying amounts								
At valuation – September 2020	19,713,024	-	-	-	-	-	-	19,713,024
At cost	9,145,779	3,127,630	42,495,355	2,241,459	203,456,573	31,904,082	13,296,506	305,667,384
	28,858,803	3,127,630	42,495,355	2,241,459	203,456,573	31,904,082	13,296,506	325,380,408

The buildings under property, plant and equipment were revalued by directors in September 2020 based on independent professional valuation. The fair values of these assets were within level 3 of the fair value hierarchy using significant unobservable inputs.

Fair value reconciliation of buildings under property, plant and equipment measured at level 3 were as follows:

	September 2020 RM
Buildings under property, plant and equipment – At valuation 2020	
At beginning of year	15,919,780
Reclassification	3,309,331
Depreciation charge for the financial year	(1,364,979)
Revaluation	2,838,040
Effect of movements in exchange rates	(989,148)
At end of year	19,713,024

Description of valuation techniques used and key unobservable inputs to valuation on buildings under property, plant and equipment measured at level 3 are as follows:

Property category	Valuation technique	Significant unobservable inputs	Range
Buildings	Cost method	Construction price per square feet	RM27 – RM121

Cost method of valuation

In the cost method of valuation, the market value of the subject property is the sum of the market value of the building. The value of the building is assumed to have a direct relationship with its cost of construction. The cost of construction is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

Valuation processes applied by the Group

The fair values of buildings under property, plant and equipment are determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group revalues its buildings every five years or at shorter intervals whenever the fair values of the said assets are expected to differ substantially from the carrying amounts.

Included in the above property, plant and equipment of the Group are:

(a) Property, plant and equipment under construction are mainly immature bearer plants. construction of buildings, plant and machinery and plantation infrastructure in oil palm plantation.

Included in additions to the property, plant and equipment under construction are:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Interest capitalised	-	-	34,190	167,603
Employee benefit expenses:				
Wages, salaries and others	-	477,280	414,064	573,688

The interest on borrowings for the financial year was capitalised at rates ranging at Nil (September 30, 2022: Nil; September 30, 2021: 3.30%; September 30, 2020: 3.50% to 5.05%)

(b) Bearer plants comprise oil palm trees. Bearer plants pledged as security for credit facilities granted to certain subsidiaries as disclosed in Note 23 are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cost				
Bearer plants	276,515,891	276,515,891	315,206,981	299,902,023
Net carrying amounts				
Bearer plants	135,232,538	149,304,534	197,900,016	203,456,573

(c) Motor vehicles under hire purchase agreement are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cost	716,762	-	-	-
Net carrying amount	605,170	-	-	-

11. PREPAID LEASE PAYMENTS

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At beginning of year	19,933,403	20,341,816	20,878,248	21,821,092
Amortisation for the financial year	(908,566)	(556,716)	(727,493)	(723,141)
Effect of movements in exchange rate	(818)	148,303	191,061	(219,703)
At end of year	19,024,019	19,933,403	20,341,816	20,878,248

The above is leasehold land with remaining unexpired lease period ranging from 19 years to 22 years (September 30, 2022: 20 years to 23 years; September 30, 2021: 21 years to 24 years; September 30, 2020: 22 years to 25 years).

The leasehold land of RM18,190,571 (September 30, 2022: RM19,061,198; September 30, 2021: RM20,341,816; September 30, 2020: RM20,878,248) are pledged as security for credit facilities granted to the certain subsidiaries as disclosed in Note 23.

12. GOODWILL ON CONSOLIDATION

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At cost:				
At beginning of the year	5,340,011	5,146,787	4,900,865	5,181,919
Effect of movements in exchange rate	737,765	193,224	245,922	(281,054)
At end of the year	6,077,776	5,340,011	5,146,787	4,900,865

Impairment test for goodwill

Goodwill is allocated to the Group's cash generating unit ("CGU") in respect of the plantation segment.

Key assumptions used in the value-in-use calculations based on 7 years (September 30, 2022: 8 years; September 30, 2021: 9 years; September 30, 2020: 10 years) cash flow projections in respect of impairment test for goodwill on the plantation segment are:

i. discount rate of 10.0% (September 30, 2022: 10.9%; September 30, 2021: 11.8%; September 30, 2020: 9.13%;) which is pre-tax and reflected specific risks of the plantation segment in Indonesia;

ii. oil palm trees with an average life of 25 years (September 30, 2022, September 30, 2021 and September 30, 2020: 25 years) with the first three years as immature and remaining years as mature which is average life cycle of the trees.

iii. CPO average selling price of RM3,300 (September 30, 2022: RM3,300; September 30, 2021: RM2,675; September 30, 2020: RM2,000) per metric tonne ("MT") based on the management's estimate;

iv. Average CPO extraction rate of 22.5% (September 30, 2022: 20.5%; September 30, 2021: 21%; September 30, 2020: 22%) based on the industry trend and past performance; and

v. Average annual oil palm yield per hectare of 26 metric tonnes (September 30, 2022: 25 to 29 metric tonnes; September 30, 2021 and September 30, 2020: 30 to 33 metric tonnes) based on management's estimate and historic yield.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill to materially exceed its recoverable amounts.

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Non-current					
Non-trade					
Other receivable	(a)	11,561	11,560	1,087,331	1,035,376
Prepayments		1,811,166	1,379,192	1,100,130	963,460
Total non-current		1,822,727	1,390,752	2,187,461	1,998,836
Current					
Trade					
Trade receivables	(b)	2,625,722	1,871,168	4,060,973	18,916,382
Non-trade					
Other receivables	(c)	12,239,018	4,403,246	4,569,757	8,636,029
Amount owing from a related company	(d)	-	-	-	3,042
Amount owing from subsidiaries	(d)	-	3,169,432	5,969,588	5,705,928
Amount owing from shareholder	(d)	-	-	-	118
Deposits		4,418,184	4,132,151	6,878,099	2,578,455
Prepayments		3,569,730	1,818,536	1,421,003	332,347
		20,226,932	13,523,365	18,838,447	17,255,919
Total current		22,852,654	15,394,533	22,899,420	36,172,301

(a) Non-current other receivable of the Group of RM11,561 (September 30, 2022: RM11,560; September 30, 2021: RM1,087,331; September 30, 2020: RM1,035,376) was in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with the Indonesian Government policy, the subsidiaries, PTMKH and PTSPS assume the responsibilities to develop plantation for small land holders (known as Plasma Farmers) in addition to its own plantation. The subsidiaries are also required to train and to supervise the Plasma Farmers and to purchase the FFB from the Plasma Farmers Cooperative at prices determined by the Government. The amount is unsecured, interest-free, has no fixed term in repayment but not to be settled within one year.

(b) The Group's normal credit term is 30 days (September 30, 2022: 30 days; September 30, 2021 and September 30, 2020: 30 to 60 days).

The ageing analysis of the Group's trade receivables is as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Neither past due nor impaired	2,625,722	1,800,746	4,060,973	12,179,873
1 to 30 days past due but not impaired	-	70,422	-	3,547,985
31 to 60 days past due but not impaired	-	-	-	2,899,015
61 to 90 days past due but not impaired	-	-	-	207,632
91 to 120 days past but not impaired	-	-	-	-
More than 121 days past due but not impaired	-	-	-	81,877
	-	70,422	-	6,736,509
	2,625,722	1,871,168	4,060,973	18,916,382

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise mainly debtors who are creditworthy customers with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RMNil (September 30, 2022: RM70,422; September 30, 2021: RMNil; September 30, 2020: RM6,736,509) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group has not recognised an allowance for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

(c) Included in other receivables of the Group are:

i. an amount of RM8,860,961 (September 30, 2022: RM296,350; September 30, 2021: RM4,352; September 30, 2020: RM1,448,824) being indirect taxes paid in advance to tax authorities by the subsidiaries;

ii. an amount of RM2,452,057 (September 30, 2022: RM2,322,839; September 30, 2021: RM1,966,862; September 30, 2020: RM4,748,005) being amount due from Plasma Farmers Cooperative in Indonesia; and

iii. an amount of RMNil (September 30, 2022 and September 30, 2021: RMNil; September 30, 2020: RM663,050) being amount due from PT Agro Raya Malindo, holding company of PTSPS, in which directors of the Company are also director of the subsidiary, PTSPS and is unsecured, interest free and is repayable on demand.

(d) In the previous financial years, the amount owing from a related company, subsidiaries and shareholder arose mainly from advances by the Group which were repayable on demand and were interest free.

14. INVESTMENT IN SUBSIDIARIES

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Unquoted shares – at cost				
Ordinary shares	-	4,463,630	1,222,446	1,222,446
Less: Accumulated impairment loss				
At beginning of year	(4,413,629)	(1,222,445)	(1,222,445)	-
Reversal of impairment loss/(Impairment loss) for the financial year	4,413,629	(3,191,184)	-	(1,222,445)
At end of the financial year	-	(4,413,629)	(1,222,445)	(1,222,445)
Net carrying amount	-	50,001	1	1

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest and voting power held by the Group 2023 %	2022 %	2021 %	2020 %
PT Nusantara Makmur Jaya ("PTNMJ")	Republic of Indonesia	Dormant	-	100	99.75	99.75
Restu Mesra Sdn. Bhd. ("Restu")	Malaysia	Dormant	-	100	-	-

On December 8, 2021, the Company subscribed for additional 800,000 new ordinary shares, representing 100% of new issuing shares in PTNMJ, a Company incorporated in Republic of Indonesia, with a total cash consideration of RM3,191,184. As a result, the Company has increased the ownership interest in PTNMJ from 99.75% to 99.92%.

On February 16, 2022, the Company acquired 1 ordinary share representing 100% of the equity interest in Restu, a company incorporated in Malaysia for a cash consideration of RM1. On August 5, 2022, the Company increased its investment in Restu by way of subscribing 49,999 new ordinary shares of Restu for a total cash consideration of RM49,999. On August 15, 2022, Restu acquired 0.08% of the equity interest in PT NMJ from Metro Kajang (Oversea) Sdn. Bhd. ("MKO"), for a cash consideration of RM3,970.

On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 50,000 ordinary shares representing 100% of the equity interest in Restu Mesra Sdn. Bhd. ("RMSB") for a total cash consideration of RM50,000. The transaction has been completed on January 16, 2023 and thereafter, RMSB has ceased to be a subsidiary of the Company and the Group.

On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 1,199,000 ordinary shares representing 99.92% of the equity interest in PT Nusantara Makmur Jaya ("PTNMJ") for a total cash consideration of RM2,853,714 with a gain of disposal of the subsidiary amounted to RM2,853,713. The transaction has been completed on January 19, 2023 and thereafter, PTNMJ has ceased to be a subsidiary of the Company and the Group.

15. INVENTORIES

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At cost:				
Fertiliser	6,885,858	20,804,242	12,693,641	12,948,843
Plantation consumables	17,706,581	16,813,998	14,567,268	10,543,195
CPO and palm kernel	16,225,231	30,096,167	17,713,778	6,570,205
	40,817,670	67,714,407	44,974,687	30,062,243

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM246,004,301 (September 30, 2022: RM185,948,501; September 30, 2021: RM166,236,960; September 30, 2020: RM182,790,649).

16. BIOLOGICAL ASSETS

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Net book value:				
At beginning of year	5,917,360	6,177,026	4,233,267	5,181,734
Changes in fair value (Note 6)	288,344	(577,142)	1,637,252	(913,440)
Effect of movements in exchange rate	25,688	317,476	306,507	(35,027)
At end of year	6,231,392	5,917,360	6,177,026	4,233,267

The biological assets of the Group comprise FFB prior to harvest. Management has considered FFB less than 15 days before harvesting in the calculation of fair value. FFB more than 15 days before harvesting are excluded from the valuation as their fair values are considered negligible.

The fair value measurement of the biological assets is valued using present value of net cashflows expected to be generated from the sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell and is categorised within Level 2 of the fair value hierarchy as disclosed in Note 33.

During the financial year, the Group harvested approximately 410,230 MT of FFB (September 30, 2022: 382,752 MT; September 30, 2021: 441,016 MT; September 30, 2020: 477,157 MT).

17. CASH AND BANK BALANCES

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cash and bank balances	73,895,739	42,014,471	57,464,522	36,250,247

Included in cash and bank balances of the Group is an amount of RMNil (September 30, 2022: RMNil, September 30, 2021: RM10,259,714; September 30, 2020: RM12,664,674) pledged as security for the credit facilities as disclosed in Note 23.

13. ACCOUNTANTS' REPORT *(Cont'd)*

18. SHARE CAPITAL

	September 30, 2023		September 30, 2022		September 30, 2021		September 30, 2020	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Issued and fully paid with no par value:								
Ordinary shares								
At beginning of the year	110,474,975	112,595,375	110,474,975	112,595,375	62,674,975	64,795,375	62,674,975	64,795,375
Issued during the year	-	-	-	-	47,800,000	47,800,000	-	-
Capital Reduction pursuant to Section 116 of the Companies Act, 2016	-	(30,000,000)	-	-	-	-	-	-
At end of the year	110,474,975	82,595,375	110,474,975	112,595,375	110,474,975	112,595,375	62,674,975	64,795,375
Redeemable convertible preference shares								
At beginning of the year	-	-	-	-	478,000	47,800,000	478,000	47,800,000
Redeemed and converted to fresh issue of ordinary shares	-	-	-	-	(478,000)	(47,800,000)	-	-
At end of the year	-	-	-	-	-	-	478,000	47,800,000
Total	110,474,975	82,595,375	110,474,975	112,595,375	110,474,975	112,595,375	63,152,975	112,595,375

Ordinary shares

On June 30, 2021, the Company has issued 47,800,000 new ordinary shares of the Company at RM1.00 each to redeem the entire 478,000 redeemable convertible preference shares ("RCPS") of RM1.00 each, registered in the name of Metro Kajang (Oversea) Sdn. Bhd., which was issued at a premium of RM99 per RCPS by converting each RCPS into 100 ordinary shares at RM1.00 each in the share capital of the Company.

On September 26, 2023, the Company has completed the capital reduction of RM30,000,000 of the issued share capital of the Company pursuant to Section 116 of the Companies Act 2016 ("Capital Reduction"). The Capital Reduction has been utilised to set-off against the accumulated losses of the Company. Accordingly, the Group's issued share capital reduced from RM112,595,375 to RM82,595,375.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Redeemable convertible preference shares

The rights attached to the redeemable convertible preference shares ("RCPS") were as follows:

(a) Dividend

(i) The holder has the right to be paid, out of such profits of the Company available for distribution determined by the Directors at their discretion to be distributed in respect of each financial year or other accounting period of the Company, a dividend at rate as the Board of Directors shall determine from time to time.

(ii) the holder of the RCPS shall not be entitled to participate in the surplus profits or assets of the Company beyond such rights as are expressly set out herein.

(b) Voting rights

The RCPS carry rights to vote at any general meeting of the Company if:

(i) any resolution is proposed for the winding up of the Company, in which case the holder of the RCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or

(ii) the meeting is convened for the purpose of considering the reduction of the capital of the Company; or

(iii) the meeting is relating to any dividend or part thereof unpaid on any RCPS; or

(iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCPS; in which event the holder of the RCPS shall have such number of votes for each RCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCPS is entitled to, one RCPS held by the holder of RCPS shall be deemed to be equivalent to one of ordinary share of the Company. The holder of the RCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCPS of the Company.

(c) Redemption

(i) Subject to the provisions of Section 72 the Act, the Company shall have the right to redeem all or any of the RCPS at RM100 only per RCPS at any time after the date of issuance of RCPS; and

(ii) All of the RCPS have been redeemed on May 21, 2021 and no RCPS redeemed by the Company shall be capable of reissue.

(d) Conversion

The Company shall, at any time during the period commencing on the date of issuance of RCPS be entitled to convert all or any of the RCPS registered in the name of each holder of the RCPS. The conversion of RCPS into ordinary shares of the Company is subject to the following terms and conditions: Each RCPS shall be converted into 100 ordinary shares in the share capital of the Company. The ordinary shares issued and allotted herein shall rank pari passu in all respects with all other ordinary shares in issue at the date of conversion.

(e) Capital

The holder has the right on winding up or other return of capital (other than on the redemption of the RCPS) to receive, in priority to the holders of any other class of shares in the capital of the Company.

19. RESERVE

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Distributable				
Retained earnings	201,303,419	141,092,618	84,752,106	10,421,616
Non-distributable				
Translation reserve	9,131,225	7,216,767	(989,576)	(7,683,311)
Revaluation reserve	6,775,200	6,775,200	6,775,200	6,775,200
	217,209,844	155,084,585	90,537,730	9,513,505

Retained earnings

Distributable reserves are those available for distribution as dividends. The entire retained earnings of the Company are available to be distributed as single tier dividends to the shareholders of the Company. No dividend has been paid or declared by the Company for the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

Revaluation reserve

The revaluation reserve relates to the revaluation of buildings.

20. NON-CONTROLLING INTERESTS

Non-controlling interests

The subsidiaries that have material non-controlling interests ("NCI") are as follows:

	PTMKH RM	PTSPS RM	Total RM
September 30, 2023			
NCI percentage of ownership interests and voting interests	5.6%	25%	
Carrying amount of NCI	17,644,616	(3,500,817)	14,143,799
Profit/(Loss) allocated to NCI	1,895,923	(1,055,564)	840,359
Total comprehensive income/(loss) allocated to NCI	1,957,885	(1,083,598)	874,287
September 30, 2022			
NCI percentage of ownership interests and voting interests	5.6%	25%	
Carrying amount of NCI	15,686,730	(2,417,218)	13,269,512
Profit allocated to NCI	3,465,049	1,125,576	4,590,625
Total comprehensive income allocated to NCI	4,005,031	1,025,103	5,030,134

	PTMKH RM	PTSPS RM	Total RM
September 30, 2021			
NCI percentage of ownership interests and voting interests	5.6%	25%	
Carrying amount of NCI	11,681,699	(3,442,321)	8,239,378
Profit allocated to NCI	4,077,366	1,156,999	5,234,365
Total comprehensive income allocated to NCI	4,620,908	951,490	5,572,398
September 30, 2020			
NCI percentage of ownership interests and voting interests	5.6%	25%	
Carrying amount of NCI	7,060,791	(4,393,811)	2,666,980
Profist/(Loss) allocated to NCI	1,181,715	(288,906)	892,809
Total comprehensive income/(loss) allocated to NCI	992,446	(20,543)	971,903

The financial information of the subsidiaries, namely PTMKH and PTSPS that have material NCI before intra-group elimination are as follows:

	PTMKH			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Assets and liabilities				
Non-current assets	266,939,894	268,409,720	275,418,632	282,591,768
Current assets	155,836,279	135,286,086	135,580,797	100,757,392
Non-current liabilities	(21,570,810)	(49,599,818)	(103,369,851)	(143,205,735)
Current liabilities	(86,122,934)	(74,379,163)	(99,528,374)	(114,670,566)
Net assets	315,082,429	279,716,825	208,101,204	125,472,859

	PTMKH			
	September 30, 2023 RM	**September 30, 2022 RM**	**September 30, 2021 RM**	**September 30, 2020 RM**
Results				
Revenue	337,980,732	315,817,268	294,458,125	250,453,420
Profit for the financial year	33,901,780	61,959,966	72,909,054	21,130,740
Total comprehensive income	33,671,271	71,615,621	82,628,345	17,746,320
Cash flows from/(used in):				
Operating activities	59,469,712	73,236,942	106,718,806	68,398,631
Investing activities	(26,416,054)	(12,277,875)	(6,999,634)	(4,402,629)
Financing activities	-	(81,918,680)	(77,115,755)	(59,339,097)
Net increase/(decrease) in cash and cash equivalent	33,053,658	(20,959,613)	22,603,417	4,656,905

	PTSPS			
	September 30, 2023 RM	**September 30, 2022 RM**	**September 30, 2021 RM**	**September 30, 2020 RM**
Assets and liabilities				
Non-current assets	55,521,814	58,057,977	56,448,435	53,595,022
Current assets	2,474,235	2,350,264	2,034,311	5,154,953
Non-current liabilities	(2,376,530)	(2,562,385)	(2,494,996)	(2,307,831)
Current liabilities	(69,622,786)	(67,514,727)	(69,757,034)	(74,017,389)
Capital deficiencies	(14,003,267)	(9,668,871)	(13,769,284)	(17,575,245)
Results				
Revenue	14,985,964	15,810,761	12,705,773	11,224,893
(Loss)/Profit for the financial year	(4,222,256)	4,502,304	4,627,996	(1,155,626)
Total comprehensive (loss)/income	(4,334,392)	4,100,412	3,805,961	(82,173)
Cash flows from/(used in):				
Operating activities	1,302,376	4,740,231	5,442,746	466,225
Investing activities	(1,260,601)	(2,412,011)	(2,937,108)	(4,206,284)
Financing activities	-	(2,423,583)	(5,312,529)	4,560,730
Net increase/(decrease) in cash and cash equivalent	41,775	(95,363)	(2,806,891)	820,671

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group except for the covenants of the bank term loans taken by PTMKH and PTSPS, subsidiaries of the Company, which restrict the ability of these subsidiaries to provide advances to other companies within the Group and to declare dividends to their shareholders until full settlement of the loans amounting to RMNil (September 30, 2022: RMNil, September 30, 2021: RM51,329,721; September 30, 2020: RM124,976,370) unless prior written consent is obtained from the lenders. The secured term loans taken by PTMKH and PTSPS have been fully settled as at September 30, 2022 and September 30, 2021 respectively. The assets to which such restrictions apply are the cash and cash equivalent of the subsidiaries included in the combined financial statements amounting to RMNil (September 30, 2022: RMNil, September 30, 2021: RM10,259,714; September 30, 2020: RM12,664,674).

21. PROVISIONS

Post-employment benefit obligations

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At beginning of the year	15,705,767	15,210,765	16,654,766	14,561,361
Amounts recognised in profit or loss (Note 6):				
Current service costs	3,318,847	2,105,789	3,572,036	3,840,786
Interest on obligation	1,096,773	1,057,568	1,159,198	1,183,489
Past service cost	-	-	(2,667,128)	(1,312,880)
	4,415,620	3,163,357	2,064,106	3,711,395
Amounts recognised in other comprehensive income:				
Remeasurement losses/(gains)	272,040	(1,357,260)	(3,189,373)	144,860
Benefit paid	(1,833,446)	(1,978,519)	(1,514,693)	(746,241)
Effect of movements in exchange rates	224,567	667,424	1,195,959	(1,016,609)
At end of the year	18,784,548	15,705,767	15,210,765	16,654,766

Both subsidiaries of the Company in Indonesia operate unfunded defined benefit schemes, as required under the Labour Law of the Republic of Indonesia. The defined benefit schemes expose the Group to actuarial risks, such as longevity risk and interest rate risk.

The amount recognised in the combined statement of financial position is determined as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Present value of obligations	18,784,548	15,705,767	15,210,765	16,654,766

The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions at reporting date are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Discount rate	7.00%	7.50%	7.50%	8.00%
Future salary increase	8.00%	8.00%	8.00%	8.00%
Mortality rate	100% TMI 4	100% TMI 4	100% TMI 4	100% TMI 4
Resignation age	6% - 22% per annum until age of 18 - 38, then decrease linearly to 0% until age 57	6% - 22% per annum until age of 18 - 38, then decrease linearly to 0% until age 57	6% - 22% per annum until age of 18 -38, then decrease linearly to 0% until age 57	4% - 9% per annum until age of 30 -32, then decrease linearly to 0% until age 57
Disability	5% of mortality rate	5% of mortality rate	5% of mortality rate	5% of mortality rate
Normal retirement age (year)	57	57	57	57

Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes in the discount rate and future salary increase occurring at the reporting date, while holding all other assumptions constant.

	Increase/(Decrease) in profit			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Discount rate increase by 1%	1,300,689	1,085,386	1,209,346	1,592,570
Discount rate decrease by 1%	(1,466,282)	(1,226,606)	(1,397,101)	(1,875,762)
Future salary increase by 1%	1,437,920	(1,238,478)	(1,407,012)	(1,881,374)
Future salary decrease by 1%	(1,367,484)	1,115,909	1,240,490	1,626,228

The sensitivity analysis presented above has been determined using deterministic method and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at September 30, 2023, the weighted-average duration of the defined benefit obligation was 12.73 to 16.11 years (September 30, 2022: 12.66 to 16 years, September 30, 2021: 15.75 to 16.36 years; September 30, 2020: 15.68 to 19.16 years).

The benefits, which reflect the expected future services, as appropriate are expected to be paid as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Within 1 year	2,492,657	1,819,351	1,534,518	1,112,637
Between 2 and 5 years	9,018,247	7,947,757	7,671,028	7,118,381
After 5 years	18,902,292	16,315,601	15,074,434	16,790,635
	30,413,196	26,082,709	24,279,980	25,021,653

22. PAYABLES AND ACCRUALS

		September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Non-current					
Non-trade					
Amount due to a related company	(a)	3,421,585	31,326,624	59,516,424	62,457,570
Current					
Trade					
Trade payables	(b)	2,420,583	11,729,633	7,874,296	20,477,012
Amount due to a related company	(a)	-	-	-	1,354,879
Non-trade					
Amount due to related companies	(a)	117,807,065	92,917,256	68,106,394	85,190,242
Other payables		10,056,912	16,176,896	12,024,590	10,044,054
Advances from customers	(c)	5,157,918	11,394,209	-	221,526
Accruals		13,638,227	10,445,419	10,931,722	6,489,960
		149,080,705	142,663,413	98,937,002	123,777,673

(a) Included in amount due to related companies are:

(i) Advances of RM8,408,291 (September 30, 2022: RM8,408,291; September 30, 2021: RM4,441,949; September 30, 2020: RM2,427,901) of the Group, which bears interest at 5.76% (September 30, 2022: 5.01%; September 30, 2021 and September 30, 2020: 4.51%) per annum, is unsecured and is repayable on demand.

(ii) Advances of RM53,109,804 (September 30, 2022: RM56,478,927; September 30, 2021: RM60,719,198; September 30, 2020: RM80,330,723) of the Group, which is unsecured, interest free and is repayable on demand.

(iii) Advances of RM59,710,555 (September 30, 2022: 59,356,662; September 30, 2021: RM62,461,671; September 30, 2020: RM66,244,067) of the Group, which bears interest at 7.00% (September 30, 2022, September 30, 2021 and September 30, 2020: 7.00%) per annum, is unsecured and repayable by 19 quarterly instalments commencing from June 2020.

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Repayable within one year	56,288,970	28,030,038	2,945,247	3,786,497
Repayable after 1 year but not later than 2 years	3,421,585	27,925,319	28,049,968	2,945,053
Repayable after 2 years but not later than 3 years	-	3,401,305	28,049,968	28,048,127
Repayable after 3 years but not later than 4 years	-	-	3,416,488	28,048,127
Repayable after 4 years but not later than 5 years	-	-	-	3,416,263
	59,710,555	59,356,662	62,461,671	66,244,067

(b) The normal credit term granted to the Group ranges from 30 days to 90 days (September 30, 2022 and September 30, 2021: 30 days to 90 days; September 30, 2020: 14 days to 90 days) unless as specified in the agreements.

(c) This represents downpayment from purchasers of CPO and palm kernel.

23. LOANS AND BORROWINGS

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Non-current:				
Term loans				
Secured:				
United States Dollar ("USD")	-	-	8,352,013	48,207,725
Unsecured:				
USD	-	2,317,544	13,917,287	6,243,183
	-	2,317,544	22,269,300	54,450,908
Current:				
Term loans				
Secured:				
USD	-	-	11,538,054	24,742,120
Unsecured:				
USD	2,359,952	-	3,521,241	-
Revolving credits				
Secured:				
USD	-	-	31,439,654	52,026,525
	2,359,952	-	46,498,949	76,768,645
Total	2,359,952	2,317,544	68,768,249	131,219,553

13. ACCOUNTANTS' REPORT *(Cont'd)*

The maturity profile of loans and borrowings of the Group is as follows:

	Carrying amount RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM
September 30, 2023						
Floating rate instruments						
Term loans						
Unsecured:						
USD	2,359,952	2,359,952	-	-	-	-
	2,359,952	2,359,952	-	-	-	-
September 30, 2022						
Floating rate instruments						
Term loans						
Unsecured:						
USD	2,317,544	-	2,317,544	-	-	-
	2,317,544	-	2,317,544	-	-	-
September 30, 2021						
Floating rate instruments						
Term loans						
Secured:						
USD	19,890,067	11,538,054	8,352,013	-	-	-
Unsecured:						
USD	17,438,528	3,521,241	7,042,483	6,874,804	-	-
Revolving credits						
Secured:						
USD	31,439,654	31,439,654	-	-	-	-
	68,768,249	46,498,949	15,394,496	6,874,804	-	-

	Carrying amount RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM
September 30, 2020						
Floating rate instruments						
Term loans						
Secured:						
USD	72,949,845	24,742,120	39,883,481	8,324,244	-	-
Unsecured:						
USD	6,243,183	-	6,243,183	-	-	-
Revolving credits						
Secured:						
USD	52,026,525	52,026,525	-	-	-	-
	131,219,553	76,768,645	46,126,664	8,324,244	-	-

The current year term loans as well as previous years term loan and revolving credit bears effective interest rates ranging from 5.20% to 7.76% (September 30, 2022: 2.54% to 5.20%; September 30, 2021: 2.52% to 2.62%; September 30, 2020: 2.30% to 5.27%).

Secured term loan I of RMNil (September 30, 2022: RMNil; September 30, 2021: RM19,890,067; September 30, 2020: RM68,038,541) is repayable in 20 quarterly principal instalments commencing 9th month from the day of first drawdown on March 2017. Secured revolving credits of RMNil (September 30, 2022: RMNil; September 30, 2021: RM31,439,654; September 30, 2020: RM52,026,525) is repayable on demand. The secured term loan and secured revolving credit are secured and supported as follows:

(a) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(b) pledge of shares of a subsidiary;

(c) corporate guarantee of the Company for the financial year ended September 30, 2023 and corporate guarantee of the corporate shareholder, MKH Berhad for the financial years ended September 30, 2022, September 30, 2021 and September 30, 2020; and

(d) charge over designated bank accounts of certain subsidiaries in Indonesia.

Secured term loan II of RMNil (September 30, 2022 and September 30, 2021: RMNil; September 30, 2020: RM4,911,304) is repayable in 12 quarterly principal instalments commencing 48th month from the day of first drawdown in December 2014. In 2020, the secured term loan is secured and is supported as follows:

(a) facility agreement and security sharing agreement;

(b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;

(d) charge over a designated bank account of a subsidiary in Indonesia;

(e) pledge of 95% shares of a subsidiary and substantial shareholder of a subsidiary;

(f) assignment over all applicable insurance policies;

(g) negative pledge over a subsidiary's assets; and

(h) corporate guarantee of the corporate shareholder, MKH Berhad.

Unsecured term loan I of RMNil (September 30, 2022: RMNil; September 30, 2021: RM17,438,528; September 30, 2020: RM6,243,183) is repayable in 11 equal quarterly instalments commencing 15th month from the date of first drawdown in September 2020 and are supported by corporate guarantee of the corporate shareholder, MKH Berhad.

Unsecured term loan II of RM2,359,952 (September 30, 2022: RM2,317,544; September 30, 2021 and September 30, 2020: RMNil) is repayable in 16 equal quarterly instalments commencing 15 months from the date of first drawdown in September 2022 and is supported by corporate guarantee of the Company for the financial year ended September 30, 2023 and corporate guarantee of the corporate shareholder, MKH Berhad for the financial years ended September 30, 2022, September 30, 2021 and September 30, 2020.

The undrawn financial facilities that the Group has at its disposal to further reduce liquidity risk are RM68,438,608 (September 30, 2022: RM78,796,496; September 30, 2021: RM10,479,885 and September 30, 2020: RM14,567,427).

24. DEFERRED TAX LIABILITIES

The movements during the financial year relating to deferred tax are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At beginning of year	5,802,468	9,726,487	7,234,613	8,572,173
Recognised in profit or loss (Note 8)	(2,275,230)	(5,930,260)	1,325,380	(1,422,312)
Recognised in other comprehensive (income)/loss (Note 8)	(61,670)	512,070	958,113	54,180
Effect of movements in exchange rate	20,085	1,494,171	208,381	30,572
At end of year	3,485,653	5,802,468	9,726,487	7,234,613

Deferred tax assets and deferred tax liabilities are attributable to the following:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Deferred tax liabilities				
Taxable temporary differences arising from:				
Fair value adjustments on biological assets	1,370,906	1,301,819	1,358,946	931,319
Property, plant and equipment	2,044,752	2,247,079	5,986,668	5,373,629
Surplus arising from revaluation of buildings	708,849	810,269	975,550	1,295,418
Inventories	1,032,921	2,312,560	1,701,944	402,801
Fair value adjustments in respect of subsidiary acquired	2,776,200	2,960,200	3,070,200	3,217,200
	7,933,628	9,631,927	13,093,308	11,220,367
Deferred tax assets				
Deductible temporary differences arising from:				
Property, plant and equipment	315,374	374,191	20,453	804,524
Provisions	4,132,601	3,455,268	3,346,368	3,181,230
	4,447,975	3,829,459	3,366,821	3,985,754
Net deferred tax liabilities	3,485,653	5,802,468	9,726,487	7,234,613

25. HIRE PURCHASE LIABILITIES

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Non-current	457,066	-	-	-
Current	119,870	-	-	-
	576,936	-	-	-
Present value of hire purchase liabilities:				
Not later than 1 year	119,870	-	-	-
Later than 1 year and not later than 2 years	131,327	-	-	-
Later than 2 years and not later than 5 years	325,739	-	-	-
	576,936	-	-	-

Hire purchase liabilities are payable as follows:

	September 30, 2023		
	Future minimum hire purchase payments RM	Finance charges RM	Present value of minimum hire purchase payments RM
Less than one year	142,168	(22,298)	119,870
Between one and five years	491,501	(34,435)	457,066
	633,669	(56,733)	576,936

The hire purchase liabilities bear effective interest at rates ranging from 2.28% to 2.38% (September 30, 2022, September 30, 2021 and September 30, 2020: Nil) per annum.

26. CAPITAL COMMITMENT

As at September 30, 2023, the Group has the following commitments in respect of capital expenditure on property, plant and equipment.

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Approved and contracted for	10,307,955	5,440,000	-	-
Approved but not contracted for	21,834,897	18,130,778	21,882,735	10,576,422
	32,142,852	23,570,778	21,882,735	10,576,422

27. RELATED PARTY DISCLOSURE

(a) Identity of related parties

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

The Group has a related party relationship with its subsidiaries, related companies and key management personnel. Related companies refer to subsidiaries of MKH Berhad.

(b) Related party transactions and balances of the Company

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
With related companies:				
Metro Kajang (Oversea) Sdn. Bhd.				
Interest expense (Note 6)	4,610,748	4,596,524	4,667,598	5,404,304
MKH Resource Sdn. Bhd.				
Management fee paid/payable	4,127,044	6,372,134	8,525,121	8,753,260
Laju Jaya Sdn. Bhd.				
Expenses relating to short-term leases	303,473	125,480	-	-
MKH Building Materials Sdn. Bhd.				
Purchase of building materials	-	-	50,201	1,371,791

Information on outstanding balances with related companies is disclosed in Note 13 and 22.

(c) **Key management personnel compensation**

The key management personnel compensation is as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Directors of company				
Executive Directors:				
Other emoluments	767,960	421,433	200,484	-
Estimated monetary value of benefits-in-kind	40,808	7,487	4,400	-
	808,768	428,920	204,884	-
Non-Executive Directors:				
Fees	685,850	-	-	-
Other emoluments	26,000	-	-	-
	711,850	-	-	-
	1,520,618	428,920	204,884	-
Other key management personnel				
Remuneration	938,142	884,850	431,615	85,891
Post-employment benefits	112,766	93,821	41,364	-
	1,050,908	978,671	472,979	85,891
	2,571,526	1,407,591	677,863	85,891

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

28. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least on a monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

(i) Plantation - oil palm cultivation, production and sales of CPO and PK

(ii) Trading - trading in building materials and household related products and general trading. However, the Group had ceased its operations in trading of building materials and household related products in 2021

(iii) Investment holding - investment holding and management services.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents profit before tax of the segment. Inter-segment transactions are entered into in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding, deferred tax assets, current tax asset and tax recoverable.

Segment liabilities

Segment liabilities are measured based on all liabilities, excluding loans and borrowings, current tax liabilities and deferred tax liabilities.

Segment revenue and results

September 30, 2023	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Revenue					
Total external revenue	337,980,732	-	-	-	337,980,732
Inter-segment revenue	14,985,964	-	-	(14,985,964)	-
Total segment revenue	352,966,696	-	-	(14,985,964)	337,980,732
Results					
Operating results	42,501,707	-	2,796,888	-	45,298,595
Interest expenses	(4,340,767)	-	(491,278)	-	(4,832,045)
Interest income	829,978	-	2,342	-	832,320
Segment results	38,990,918	-	2,307,952	-	41,298,870
Tax expenses	(9,998,012)	-	(47,184)	-	(10,045,196)
Profit for the financial year	28,992,906	-	2,260,768	-	31,253,674

September 30, 2023	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Other segment information					
Depreciation of property, plant and equipment	32,401,212	-	323,502	-	32,724,714
Provision for post-employment benefit obligations	4,415,620	-	-	-	4,415,620
Amortisation of prepaid lease payments	908,566	-	-	-	908,566
Loss/(Gain) on foreign exchange:					
Realised	116,739	-	(117)	-	116,622
Unrealised	534,827	-	-	-	534,827
Property, plant and equipment written off	60,489	-	-	-	60,489
Gain on disposal of subsidiary	-	-	(2,853,713)	-	(2,853,713)
Changes in fair values of biological assets	(288,344)	-	-	-	(288,344)

September 30, 2022	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Revenue					
Total external revenue	315,817,268	-	-	-	315,817,268
Inter-segment revenue	15,810,761	-	2,741,005	(18,551,766)	-
Total segment revenue	331,628,029	-	2,741,005	(18,551,766)	315,817,268
Results					
Operating results	83,934,750	-	(5,265,593)	-	78,669,157
Interest expenses	(5,475,300)	-	(364,634)	-	(5,839,934)
Interest income	654,507	-	-	-	654,507
	79,113,957	-	(5,630,227)	-	73,483,730
Segment results					
Tax expenses	(13,060,672)	-	(285,149)	-	(13,345,821)
Profit/(Loss) for the financial year	66,053,285	-	(5,915,376)	-	60,137,909

September 30, 2022	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Other segment information					
Depreciation of property, plant and equipment	30,394,867	-	45,146	-	30,440,013
Impairment loss on investment in subsidiary	-	-	3,191,184	-	3,191,184
Provision for post-employment benefit obligations	3,163,357	-	-	-	3,163,357
Property, plant and equipment written off	579,953	-	-	-	579,953
Changes in fair values of biological assets	577,142	-	-	-	577,142
Amortisation of prepaid lease payments	556,716	-	-	-	556,716
Inventories written off	577	-	-	-	577
Loss/(Gain) on foreign exchange:					
Realised	644,378	-	(2,815)	-	641,563
Unrealised	(4,490,904)	-	-	-	(4,490,904)

September 30, 2021	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Revenue					
Total external revenue	294,458,125	12,152,681	-	-	306,610,806
Inter-segment revenue	12,705,773	-	936,200	(13,641,973)	-
Total segment revenue	307,163,898	12,152,681	936,200	(13,641,973)	306,610,806
Results					
Operating results	108,455,369	677,574	87,064	-	109,220,007
Interest expenses	(7,738,813)	-	(129,796)	-	(7,868,609)
Interest income	675,821	-	-	-	675,821
Segment results	101,392,377	677,574	(42,732)	-	102,027,219
Tax expenses	(24,399,244)	(167,200)	(9,000)	-	(24,575,444)
Profit/(Loss) for the financial year	76,993,133	510,374	(51,732)	-	77,451,775

September 30, 2021	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Other segment information					
Depreciation of property, plant and equipment	30,338,267	-	6,360	-	30,344,627
Provision for post-employment benefit obligations	2,064,106	-	-	-	2,064,106
Amortisation of prepaid lease payments	727,493	-	-	-	727,493
Property, plant and equipment written off	234,376	-	-	-	234,376
Bad debts written off	94,291	-	-	-	94,291
Inventories written off	721	-	-	-	721
Gain on foreign exchange:					
Realised	(3,079,205)	-	(153)	-	(3,079,358)
Unrealised	(7,785,247)	-	-	-	(7,785,247)
Changes in fair values of biological assets	(1,637,252)	-	-	-	(1,637,252)

September 30, 2020	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Revenue					
Total external revenue	250,453,420	31,870,089	-	-	282,323,509
Inter-segment revenue	11,224,893	-	-	(11,224,893)	-
Total segment revenue	261,678,313	31,870,089	-	(11,224,893)	282,323,509
Results					
Operating results	40,094,598	769,584	(1,196,669)	-	39,667,513
Interest expenses	(12,479,479)	-	(125,611)	-	(12,605,090)
Interest income	543,266	-	-	-	543,266
Segment results	28,158,385	769,584	(1,322,280)	-	27,605,689
Tax expenses	(8,722,244)	(193,522)	-	-	(8,915,766)
Profit/(Loss) for the financial year	19,436,141	576,062	(1,322,280)	-	18,689,923

September 30, 2020	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Other segment information					
Depreciation of property, plant and equipment	29,598,746	-	6,360	-	29,605,106
Provision for post-employment benefit obligations	3,711,395	-	-	-	3,711,395
Loss on foreign exchange:					
Realised	3,366,041	-	171	-	3,366,212
Unrealised	13,878,605	-	-	-	13,878,605
Impairment loss on investment in subsidiary	-	-	1,222,445	-	1,222,445
Changes in fair values of biological assets	913,440	-	-	-	913,440
Amortisation of prepaid lease payments	723,141	-	-	-	723,141
Property, plant and equipment written off	305,513	-	-	-	305,513
Bad debts written off	251,486	-	-	-	251,486
Inventories written off	4,493	-	-	-	4,493

September 30, 2023	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Assets					
Segment assets	474,787,527	-	8,033,460	-	482,820,987
Current tax assets					8,837,410
Total assets					491,658,397
Liabilities					
Segment liabilities	161,827,764	-	9,459,074	-	171,286,838
Hire purchase liabilities	-	-	576,936	-	576,936
Loans and borrowings					2,359,952
Deferred tax liabilities					3,485,653
Total liabilities					177,709,379
Other segment information					
Additions to non-current assets other than financial instruments and deferred tax assets	27,720,104	-	789,956	-	28,510,060

September 30, 2022	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Assets					
Segment assets	464,939,740	-	9,875,908	-	474,815,648
Investment in subsidiaries	-	-	50,001	-	50,001
Current tax assets					3,909,828
Total assets					478,775,477
Liabilities					
Segment liabilities	175,161,309	-	14,534,495	-	189,695,804
Loans and borrowings					2,317,544
Current and deferred tax liabilities					5,812,657
Total liabilities					197,826,005
Other segment information					
Additions to non-current assets other than financial instruments and deferred tax assets	14,954,101	-	1,157,875	-	16,111,976

September 30, 2021	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Assets					
Segment assets	477,383,904	1,164,291	1,354,739	-	479,902,934
Investment in subsidiaries	-	-	1	-	1
Total assets					479,902,935
Liabilities					
Segment liabilities	168,910,782	-	4,753,409	-	173,664,191
Loans and borrowings					68,768,249
Current and deferred tax liabilities					26,098,012
Total liabilities					268,530,452
Other segment information					
Additions to non-current assets other than financial instruments and deferred tax assets	10,082,904	-	-	-	10,082,904

September 30, 2020	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
Assets					
Segment assets	437,652,041	17,342,792	4,881,582	-	459,876,415
Investment in subsidiaries	-	-	1	-	1
Current tax assets					6,352,358
Total assets					466,228,774
Liabilities					
Segment liabilities	183,921,040	16,502,027	2,466,942	-	202,890,009
Loans and borrowings					131,219,553
Current and deferred tax liabilities					7,343,352
Total liabilities					341,452,914
Other segment information					
Additions to non-current assets other than financial instruments and deferred tax assets	9,406,380	-	-	-	9,406,380

Geographical information

Revenue and non-current assets information is presented based on the segment's country of domicile. Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside the segment's country of domicile is insignificant. Non-current assets do not include receivables, deposits and prepayments and tax recoverable.

	Revenue			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2023 RM	September 30, 2020 RM
Malaysia	-	-	12,152,681	31,870,089
Republic of Indonesia	337,980,732	315,817,268	294,458,125	250,453,420
	337,980,732	315,817,268	306,610,806	282,323,509

	Non-current assets			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2023 RM	September 30, 2020 RM
Malaysia	1,595,613	1,179,160	16,430	22,790
Republic of Indonesia	337,427,919	342,645,718	348,370,850	353,135,568
	339,023,532	343,824,878	348,387,280	353,158,358

Major customer information

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

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2023 RM	September 30, 2020 RM
Customer A	89,576,672	253,189,507	162,044,345	53,241,223
Customer B	187,518,048	-	59,022,528	56,156,127
Customer C	-	-	-	52,816,415
Customer D	-	-	-	37,942,438
Customer E	46,683,861	-	-	-
	323,778,581	253,189,507	221,066,873	200,156,203

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

(a) On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 50,000 ordinary shares representing 100% of the equity interest in Restu Mesra Sdn. Bhd. ("RMSB") for a total cash consideration of RM50,000. The transaction has been completed on January 16, 2023 and thereafter, RMSB has ceased to be a subsidiary of the Company and the Group.

(b) On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 1,199,000 ordinary shares representing 99.92% of the equity interest in PT Nusantara Makmur Jaya ("PTNMJ") for a total cash consideration of RM2,853,714. The transaction has been completed on January 19, 2023 and thereafter, PTNMJ has ceased to be a subsidiary of the Company and the Group.

(c) On March 30, 2023, the Company has submitted an application in relation to the Proposed Listing and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") to Securities Commission. On July 12, 2023, Securities Commission has approved the Proposed Listing under Section 214(1) of the Capital Markets and Services Act 2007, subject to the terms and condition as stipulated therein.

On November 28, 2023, the shareholders of the ultimate holding company of the Company, MKH Berhad have approved the Proposed Listing of the Company on the Main Market of Bursa Malaysia Securities Berhad.

(d) On November 29, 2023, the Company has completed the share split by the subdivision of every one (1) existing Company share into six (6) new Company shares. The share split has resulted in a proportionate adjustment to the number of Company shares held by the existing shareholders but did not result in any adjustment to the issued share capital of the Company. Accordingly, the Group's issued share capital remain at RM82,595,375.

(e) On December 20, 2023, the Company increased its issued and fully paid-up capital by way of issuance of 67,255,894 new ordinary shares at an issue price of RM1.21 each for a total consideration otherwise than cash of RM81,379,632 as full and final settlement of the purchase consideration of 5.67% and 100% equity interest in PTMKH and PTSPS respectively. Accordingly, PTMKH and PTSPS became the wholly owned subsidiaries of the Company.

(f) On December 29, 2023, the Company acquired one ordinary share, representing 100% of the issued and paid-up share capital of Hala Maju Sdn. Bhd. ("Hala Maju") for a total cash consideration of RM1. Accordingly, Hala Maju became the wholly owned subsidiary of the Company.

(g) On January 17, 2024, the Company has entered into two separate Share Sale Agreements with Hala Maju for the disposal of one ordinary share in both PTMKH and PTSPS respectively for the total sale consideration of RM4,933 to facilitate the acquisition of PTMKH and PTSPS. The transactions have been completed on January 17, 2024.

(h) On January 9, 2024, the Company has entered into two separate novation agreements with the following parties:

   (i) PTMKH and MKO to novate an amount owing to MKO amounting to RM54,966,141 by PTMKH to the Company; and

   (ii) PTSPS and MKH Plantation Sdn. Bhd. ("MKH Plantation") to novate an amount owing to MKH Plantation amounting to RM55,487,000 by PTSPS to the Company.

(i) On January 11, 2024, the Company increased its issued and fully paid-up capital by way of issuance of 73,526,951 new ordinary shares at an issue price of RM1.21 each for a total consideration otherwise than cash of RM88,967,612 for the capitalisation of entire amount owing to MKO amounting to RM63,480,612 and the capitalisation of partial of amount owing to MKH Plantation amounting to RM25,487,000.

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial assets and financial liabilities in the combined statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Financial assets				
At amortised cost:				
Receivables and deposits	19,294,485	13,587,557	22,565,748	36,875,330
Cash and bank balances	73,895,739	42,014,471	57,464,522	36,250,247

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Financial liabilities				
At amortised cost:				
Payables and accruals	152,502,290	173,990,037	158,453,426	186,235,243
Loans and borrowings	2,359,952	2,317,544	68,768,249	131,219,553
Hire purchase liabilities	576,936	-	-	-

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk primarily arises from the receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the combined statements of financial position.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amount	12 months ECL
Doubtful	Amount > 120 days past due and/or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – Not credit-impaired
In default	Amount > 180 days past due and/or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	Amount > 365 days past due and/or there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Thse tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12 months or lifetime ECL	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
September 30, 2023							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach)	2,625,722	-	2,625,722
September 30, 2022							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach)	1,871,168	-	1,871,168
September 30, 2021							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach)	4,060,973	-	4,060,973
September 30, 2020							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach	18,916,382	-	18,916,382

13. ACCOUNTANTS' REPORT *(Cont'd)*

For trade receivables, the Group has applied the simplified approach in MFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade related receivables at the reporting date are as follows:

	September 30, 2023		September 30, 2022		September 30, 2021		September 30, 2020	
	RM	% of total	RM	% of total	RM	% of total	RM	% of total
By country:								
Malaysia	-	-	-	-	-	-	15,751,881	83.27%
Republic of Indonesia	2,625,722	100.00%	1,871,168	100.00%	4,060,973	100.00%	3,164,501	16.73%
	2,625,722	100.00%	1,871,168	100.00%	4,060,973	100.00%	18,916,382	100.00%

At the reporting date, the Group has no significant concentration of credit risk on a trade receivable except for 2 individual customers as of September 30, 2023 and 3 individual customers as of September 30, 2022, September 30, 2021 and September 30, 2020 with balance amounting to RM2,342,120 (September 30, 2022: RM1,728,717; September 30, 2021: RM3,690,172; September 30, 2020: RM10,713,214), representing 89.2% (September 30, 2022: 92.4%; September 30, 2021: 90.9%; September 30, 2020: 56.6%) of the total receivable balances.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amounts RM	Total contractual amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM
September 30, 2023					
Financial liabilities:					
Payables and accruals	152,502,290	154,660,040	151,198,428	3,461,612	-
Loans and borrowings	2,359,952	2,405,735	2,405,735	-	-
Hire purchase liabilities	576,936	633,669	142,168	148,752	342,749
September 30, 2022					
Financial liabilities:					
Payables and accruals	173,990,037	179,001,590	146,340,183	29,220,833	3,440,574
Loans and borrowings	2,317,544	2,468,184	120,512	2,347,672	-
September 30, 2021					
Financial liabilities:					
Payables and accruals	158,453,426	164,861,082	101,016,040	31,184,733	32,660,309
Loans and borrowings	68,768,249	71,177,521	48,429,128	15,766,048	6,982,345
September 30, 2020					
Financial liabilities:					
Payables and accruals	186,235,243	198,950,254	127,753,468	7,187,935	64,008,851
Loans and borrowings	131,219,553	135,369,833	79,916,649	47,075,457	8,377,727

(iii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk when the currency denomination differs from its functional currency.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily RM and Indonesian Rupiah ("IDR"). The foreign currency in which these transactions are denominated are mainly USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in Republic of Indonesia is not hedged as currency positions in IDR are considered to be long-term in nature.

Financial assets and financial liabilities denominated in USD and RM are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
USD				
Cash and bank balances	2,327,298	4,918,572	19,433,052	15,458,455
Loans and borrowings	2,359,952	2,317,544	68,768,249	131,219,553
RM				
Cash and bank balances	102,441	98,181	98,914	99,731
Amount due to related companies	112,591,276	110,269,562	121,025,768	127,940,300

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD and RM exchange rate against their respective functional currencies, with all other variables held constant.

	Profit for the financial year			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
USD/IDR				
Strengthened 5%	(1,000)	101,000	(1,924,000)	(4,515,000)
Weakened 5%	1,000	(101,000)	1,924,000	4,515,000
RM/IDR				
Strengthened 5%	(4,387,000)	(4,297,000)	(4,716,000)	(4,986,000)
Weakened 5%	4,387,000	4,297,000	4,716,000	4,986,000

	Translation reserve			
	September 30, 2023 RM	**September 30, 2022 RM**	**September 30, 2021 RM**	**September 30, 2020 RM**
IDR/RM				
Strengthened 5%	14,924,600	13,502,400	9,716,600	5,394,800
Weakened 5%	(14,924,600)	(13,502,400)	(9,716,600)	(5,394,800)

(iv) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial liabilities. Interest bearing financial liabilities comprise revolving credits, term loans and amount due to related companies.

The amount due to related companies and hire purchase liabilities totalling of RM60,287,491 (September 30, 2022: RM59,356,662; September 30, 2021: RM62,461,671; September 30, 2020: RM66,244,067) at fixed rate exposes the Group to fair value interest rate risk whilst term loans and amount due to related companies totalling RM10,768,243 (September 30, 2022: RM10,725,835; September 30, 2021: RM73,210,198; September 30, 2020: RM133,647,454) at floating rate expose the Group to cash flow interest rate risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

As at the reporting date, a change of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity and profit after tax by approximately RM40,900 (September 30, 2022: RM40,800; September 30, 2021: RM278,200; September 30, 2020: RM521,200), arising mainly as a result of higher/ lower interest expense on floating rate of term loans and amount due to related companies.

32. FAIR VALUES OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair values of the following classes of financial assets and financial liabilities are as follows:

(i) **Cash and cash equivalents, trade and other receivables and payables**

The carrying amounts approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

(ii) **Long-term receivables and payables**

The fair values of long-term other receivables and payables are estimated using expected future cash flows of contractual instalment payments discounted at current prevailing rates offered for similar types of credit or lending arrangements.

The carrying amounts and fair values of financial instruments, are as follows:

	Carrying amounts RM	Fair values RM
September 30, 2023		
Financial assets		
Long-term other receivables	11,561	11,561
Financial liabilities		
Long-term amount due to a related company	3,421,585	3,421,585
September 30, 2022		
Financial assets		
Long-term other receivables	11,560	11,560
Financial liabilities		
Long-term amount due to a related company	31,326,624	28,331,140
September 30, 2021		
Financial assets		
Long-term other receivables	1,087,331	977,770
Financial liabilities		
Long-term amount due to a related company	59,516,424	53,715,026
September 30, 2020		
Financial assets		
Long-term other receivables	1,035,376	971,496
Financial liabilities		
Long-term amount due to a related company	62,457,570	56,712,451

(iii) **Loans and borrowings**

The carrying amounts of long-term floating rate term loans approximate its fair values as the loans will be re-priced to market interest rate on or near reporting date.

33. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's financial assets at the reporting date:

	Fair value measurement using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
September 30, 2023				
Biological assets (Note 16)	-	6,231,392	-	6,231,392

	Fair value measurement using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Assets for which fair values are disclosed (Note 32)				
Long-term other receivables	-	11,561	-	11,561
September 30, 2022				
Biological assets (Note 16)	-	5,917,360	-	5,917,360
Assets for which fair values are disclosed (Note 32)				
Long-term other receivables	-	11,560	-	11,560
September 30, 2021				
Biological assets (Note 16)	-	6,177,026	-	6,177,026
Assets for which fair values are disclosed (Note 32)				
Long-term other receivables	-	977,770	-	977,770
September 30, 2020				
Biological assets (Note 16)	-	4,233,267	-	4,233,267
Assets for which fair values are disclosed (Note 32)				
Long-term other receivables	-	971,496	-	971,496

Fair value reconciliation of biological assets measured at level 2 are disclosed in Note 16.

Policy on transfer between levels

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

Transfer between Level 1 and 2 fair values

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

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or to adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or repay existing borrowings. No changes were made in the objectives, policies and processes during the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020.

The Group is not subject to any externally imposed capital requirements other than PTMKH and PTSPS which are required to maintain a debt-to-equity ratio of 75:25 and 65:35 respectively as well as loan-to-value ratio of not more than 75% and 65% respectively in respect of the term loan facilities. Based on the proforma financial information provided to the financial institutions, the Group has complied with this capital requirement.

35. COMBINING ENTITIES

The combined financial statements consist of the financial statements of the Company and its subsidiaries as below, which were under common control of MKH Berhad. The Company's ultimate holding company is MKH Berhad, which is incorporated in Malaysia and is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad.

Details of the subsidiary is as follows:

Name of Company	Place of incorporation	Effective ownership	Date of incorporation	Principal activities
PT Maju Kalimantan Hadapan ("PTMKH")	Republic of Indonesia	94.33%	September 9, 2005	Oil palm plantation, crude oil palm industry and crude palm kernel oil industry

Details of the combining entity is as follows:

Name of Company	Place of incorporation	Effective ownership	Date of incorporation	Principal activities
PT Sawit Prima Sakti ("PTSPS")	Republic of Indonesia	75%	October 20, 2004	Oil palm plantation

36. PRIOR YEAR ADJUSTMENTS

Prior year adjustments have been made to the combined financial statements as at September 30, 2021, September 30, 2020 and October 1, 2019. The Group has made prior year adjustments in relation to:

(i) Fair value of inventories

In accordance with MFRS 141 *Agriculture*, the fair values of inventories such as CPO and PK shall be determined based on the market price. In prior years, the inventories such as CPO and PK are not valued based on their fair values and these have been retrospectively adjusted in these combined financial statements.

	As previously reported RM	Adjustments RM	As restated RM
Statement of financial position as of September 30, 2020			
Current Asset			
Inventories	28,242,233	1,822,143	30,064,376
Capital and Reserve			
Reserves	8,098,731	1,824,276	9,923,007
Current Liability			
Payables and accruals	123,255,410	(2,133)	123,253,277

(ii) Current and deferred tax liabilities

In previous financial years, the temporary difference between PPE and plantation were under/overstated in profit and loss. The Group has adjusted the prior years' corporate income taxes in these combined financial statements.

The deferred tax liabilities have been adjusted accordingly with the prior year adjustments made on fair values of inventories and temporary difference between PPE and plantation.

	As previously reported/ As restated above RM	Adjustment RM	As restated RM
Statement of financial position as of September 30, 2021			
Non-Current Liability			
Deferred tax liabilities	7,202,445	2,524,042	9,726,487

	As previously reported/ As restated above RM	Adjustment RM	As restated RM
Capital and Reserve			
Reserves	93,061,772	(2,524,042)	90,537,730
September 30, 2020			
Non-Current Liability			
Deferred tax liabilities	7,210,161	24,452	7,234,613
Capital and Reserve			
Reserves	9,923,007	(24,452)	9,898,555

(iii) Bad debt expenses

Certain other receivables were determined to be uncollectible and these have been retrospectively corrected in these combined financial statements.

	As previously reported RM	Adjustment RM	As restated RM
Statement of profit or loss for the financial year ended September 30, 2020			
Other expenses	22,512,496	251,486	22,763,982
Statement of financial position as of September 30, 2020			
Current Asset			
Receivables, deposits and prepayments	35,879,312	(251,486)	35,627,826

(iv) Project cost

In prior financial years, some projects which were not related to plantation segments were incorrectly recognised under other assets and had understated the prior years' expenses. These have been corrected for in these combined financial statements.

	As previously reported/ As restated above RM	Adjustment RM	As restated RM
Statement of financial position as of September 30, 2020			
Non-Current Asset			
Receivables, deposits and prepayments	2,401,832	(402,996)	1,998,836
Capital and Reserve			
Reserves	9,898,555	(402,996)	9,495,559

(v) Trade payables

The Group has identified certain incorrect recognition of trade payables that were not accounted during prior years. Such trade payables were reassessed by the Group and corrected in these combined financial statements.

	As restated above RM	Adjustment RM	As restated RM
Statement of financial position as of September 30, 2020			
Current Assets			
Inventories	30,064,376	(2,133)	30,062,243
Receivables, deposits and prepayments	35,627,826	544,475	36,172,301
Current Liability			
Payables and accruals	123,253,277	524,396	123,777,673
Capital and Reserve			
Reserves	9,495,559	17,946	9,513,505

As a result of the material restatements listed above, the Group has restated the combined financial statements whereby the amounts presented will not directly agree to prior years' financial statements. Additionally, the Group have also reclassified certain comparative figures to conform with current financial years' presentation.

37. CHANGE OF NAME

On January 7, 2021, the Company changed its name from Detik Merdu Sdn. Bhd. to MKH Global Plantation Sdn. Bhd..

On October 1, 2021, the Company changed its name from MKH Global Plantation Sdn. Bhd. to MKH Oil Palm (East Kalimantan) Sdn. Bhd..

On August 11, 2022, the Company converted from a private company to a public company and the name of the company is changed from MKH Oil Palm (East Kalimantan) Sdn. Bhd. to MKH Oil Palm (East Kalimantan) Berhad.

ACCOUNTANTS' REPORT
(Prepared for inclusion in the Prospectus of
MKH Oil Palm (East Kalimantan) Berhad)

MKH OIL PALM (EAST KALIMANTAN) BERHAD

STATEMENT BY DIRECTORS

The directors of **MKH OIL PALM (EAST KALIMANTAN) BERHAD** state that, in their opinion, the accompanying combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Chapter 10 Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission of Malaysia so as to give a true and fair view of the financial position of the combining entities as of September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020 and of the financial performance and the cash flows for the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020.

Signed in accordance with a resolution of the Directors dated March 14, 2024

CHEN WEI CHYONG

DATO' LEE KHEE MENG

Deloitte.

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INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS OF MKH OIL PALM (EAST KALIMANTAN) BERHAD

Report on the Compilation of Pro Forma Combined Statements of Financial Position Included in a Prospectus

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of MKH Oil Palm (East Kalimantan) Berhad ("MKHOP" or "Company") and its combining entities (collectively known as "MKHOP Group" or "Group") as of September 30, 2023 and its related notes as prepared by the directors of the Company.

The pro forma combined statements of financial position of the Group as of September 30, 2023 and its related notes is as set out in the accompanying attachment and stamped by us for the purpose of identification. The pro forma combined statements of financial position have been prepared for inclusion in a Prospectus to be issued in connection with the initial public offering and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Proposal").

The applicable criteria on the basis of which the directors of the Company have compiled the pro forma combined statements of financial position are described in Note 2.0 to the pro forma combined statements of financial position and as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines").

The pro forma combined statements of financial position have been compiled by directors of the Company to illustrate the impact of the events or transactions, as set out in Note 3.0 to the pro forma combined statements of financial information on the Group's financial position as of September 30, 2023, as if the events or transactions had taken place as of September 30, 2023. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the respective combined entities' financial information for the financial year ended September 30, 2023, on which auditors' report has been published.

(Forward)

MAKING AN IMPACT THAT MATTERS

Directors' Responsibilities

The directors of the Company are responsible for preparing the compilation of pro forma combined statements of financial position on the basis set out in the notes thereon in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

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

The firm applies Malaysian Standard on Quality Management 1 ("ISQM-1") *Quality Management for Firms that Perform Audits or Reviews of Historical Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position have been properly compiled, in all material respects, by the directors of the Company on the basis set out in the note thereon.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 - *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled, in all material respects, the pro forma combined statements of financial position on the basis set out in the notes thereon in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or a review of the financial information used in compiling the pro forma combined statements of financial position.

(Forward)

The purpose of the pro forma combined statements of financial position is solely to illustrate the impact of significant events or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been prepared, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the pro forma combined statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma combined statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma combined statements of financial position have been prepared and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma combined statements of financial position have been properly compiled, in all material respects, on the basis as set out in Note 2.0 to the pro forma combined statements of financial position and in accordance with the requirements of the Prospectus Guidelines and with the Malaysian Institute of Accountants' Guidance Note for Issuers of Pro Forma Financial Information.

(Forward)

Other Matters

This report has been issued for the sole purpose of inclusion in a prospectus to be issued in connection with the Proposal (in compliance with the Prospectus Guidelines). As such, this letter is not to be used, circulated, quoted or otherwise referred to, for any other purposes nor is it to be filed with, reproduced, copied, disclosed or referred, in whole or in part, in any document other than the Proposal.

Deloitte PLT

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

ALVIN CHANG SHU-WEI
Partner - 03480/01/2026 J
Chartered Accountant

March 14, 2024

MKH OIL PALM (EAST KALIMANTAN) BERHAD ("MKHOP" OR "COMPANY") AND ITS COMBINING ENTITIES ("MKHOP GROUP" OR "GROUP")
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

1.0 GENERAL

1.1 Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position should be read in conjunction with the historical financial statements of the combining entities for the financial year ended September 30, 2023 ("FYE 2023").

The pro forma combined statements of financial position have been prepared for inclusion in a Prospectus of MKHOP in connection with the initial public offering and the listing of and quotation for the entire enlarged issued and share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company is located at G-02 & G-03, Ground Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The pro forma combined statements of financial position of the Company as of September 30, 2023, as shown in Note 3.0, have been prepared for illustrative purposes only.

1.2 Abbreviations and Formulas

Unless the context otherwise requires, the following words, abbreviations and formulas shall apply throughout this report:

Companies within our group

MKHOP or Company	MKH Oil Palm (East Kalimantan) Berhad (Registration No. 200401023680 (662186-D))
MKHOP Group or Group	MKHOP and its subsidiaries, collectively
PT MKH	PT Maju Kalimatan Hadapan (Business Identification No. 8120014280519)
PT SPS	PT Sawit Prima Sakti (Business Identification No. 8120019071063)

General

Bursa Securities	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Entitled Shareholders	Existing shareholders of MKH Berhad on Entitlement Date
Entitlement Date	The date to be determined and announced by the Board of Directors of MKH for the Distribution
FYE	Financial year ended or where the context otherwise requires, financial year ending September 30
IFRS	International Financial Reporting Standards
Pre-IPO	Exercise before public issue involving significant subsequent events, share split, acquisition of PT MKH and PT SPS and Capitalisation
IPO or Public Issue	Public issue of 220,000,000 Issue Shares at IPO Price of RM0.62 per share
IPO Price	The price of RM0.62 per IPO Share under our IPO
IPO Share(s)	Issue Share(s) and Offer Share(s), collectively
Issue Share(s)	220,000,000 new MKHOP Share(s) to be issued under the Public Issue
Ivakijaya	Ivakijaya Sdn. Bhd. (Registration No. 200501015554 (692601-P))
Metro Kajang (Oversea)	Metro Kajang (Oversea) Sdn. Bhd. (Registration No. 199301016059 (270799-X))
MFRS	Malaysian Financial Reporting Standards
MKH Plantation	MKH Plantation Sdn. Bhd. (Registration No. 200601018004 (737756-U))
NA	Net assets
PT Hikmat	PT Hikmat Aliran Sukses (Business Identification No. 1266000400995)
PK	Palm Kernel

Formulas

NA per ordinary share	NA as of the date of the financial position divided by the number of MKHOP Shares
Current ratio	Total current assets divided by total current liabilities
Gearing ratio	Total indebtedness (loan and borrowings, hire purchase liabilities plus interest bearing advances from related company) divided by total equity

1.3 Basis of Preparation of Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position have been compiled based on the audited financial statements of MKHOP Group for the FYE 2023.

The pro forma combined statements of financial position are presented in Ringgit Malaysia ("RM").

The pro forma combined statements of financial position which should be read in conjunction with the notes thereto have been prepared for illustrative purposes only to reflect what the combined financial position of MKHOP Group as of September 30, 2023 would have been, if the Pre-IPO Exercise and IPO Exercise had been completed on that date.

The pro forma combined statements of financial position are prepared using the bases and accounting principles consistent with those adopted in the preparation of the statutory financial position of the combining entities.

The pro forma combined statements of financial position of MKH Oil Palm (East Kalimantan) Berhad and its combining entities for the FYE 2023 have been prepared in accordance with MFRS and IFRS.

For illustrative purposes, in arriving at the pro forma combined statements of financial position as of September 30, 2023, it is assumed that the Listing Scheme as mentioned in Note 2.0 below are completed on September 30, 2023. Payment for funds arising from the Listing Scheme are received/utilised on September 30, 2023.

2.0 LISTING SCHEME

MKHOP is undertaking the listing of and quotation for its entire enlarged issued and share capital on the Main Market of Bursa Securities. The significant subsequent events and listing scheme comprise the following:

2.1 Significant Subsequent Events

Subsequent to September 30, 2023, the following events took place:

(i) On November 29, 2023, MKHOP has completed the share split by the subdivision of every one (1) existing MKHOP Share into six (6) new MKHOP Shares, resulting in increased number of MKHOP Shares from 110,468,000 Shares to 662,808,000 Shares.

The Significant Subsequent Event of Share Split is known as "Pro Forma I" for the purpose of pro forma combined statements of financial position.

(ii) On December 20, 2023, MKHOP increased its issued and fully paid-up capital by way of issuance of 67,255,894 new ordinary shares at an issue price of RM1.21 each for a total consideration otherwise than cash of RM81.38 million as full and final settlement of the purchase consideration of 5.67% and 100% equity interest in PT MKH and PT SPS respectively.

Upon completion of the acquisitions of PT MKH and PT SPS, the issued share capital of MKHOP increased from RM80.47 million comprising 662,808,000 MKHOP shares to RM161.85 million comprising 730,063,894 MKHOP Shares.

On December 29, 2023, the Company acquired one ordinary share, representing 100% of the issued and paid-up share capital of Hala Maju Sdn. Bhd. ("Hala Maju") for a total cash consideration of RM1. Accordingly, Hala Maju became the wholly owned subsidiary of the Company.

On January 17, 2024, the Company has entered into two separate Share Sale Agreements with Hala Maju for the disposal of one ordinary share in both PTMKH and PTSPS respectively for the total sale consideration of RM4,933 to facilitate the acquisition of PTMKH and PTSPS. The transactions have been completed on January 17, 2024.

Upon completion of the acquisition of Hala Maju and disposal of one ordinary share in both PTMKH and PTSPS to Hala Maju, the issued share capital of MKHOP remains at RM161.85 million comprising 730,063,894 MKHOP Shares.

The Significant Subsequent Events of the new share issuance, the completion of acquisition of both PT MKH and PT SPS, the completion of acquisition of Hala Maju and the disposal of one ordinary share in PTMKH and one ordinary share in PTSPS to Hala Maju are known as "Pro Forma II" for the purpose of pro forma combined statements of financial position.

(iii) On January 9, 2024, MKHOP entered into two separate novation agreements with the following parties:

(a) PT MKH and Metro Kajang (Oversea) to novate an amount owing to Metro Kajang (Oversea) amounting to RM54,966,141 by PT MKH to MKHOP; and

(b) PT SPS and MKH Plantation to novate an amount owing to MKH Plantation amounting to RM55,487,000 by PT SPS to MKHOP.

On January 11, 2024, MKHOP increased its issued and fully paid-up capital for capitalisation of amount owing to Metro Kajang (Oversea) and MKH Plantation whereby:

(a) MKHOP capitalised the amount owing by the Company to Metro Kajang (Oversea) of RM8,514,471 as of September 30, 2023 with the issuance of 7,036,753 new shares at an issue price of RM1.21 each.

(b) MKHOP capitalised RM54,966,141, being part of the entire amount owing by the Company to Metro Kajang (Oversea) pursuant to the PT MKH Debt Novation, with the issuance of 45,426,562 new shares at an issue price of RM1.21 each; and

(c) MKHOP capitalised RM25,487,000, being part of the entire amount owing by the Company to MKH Plantation, pursuant to the PT SPS Debt Novation as of September 30, 2023 with the issuance of 21,063,636 new shares at an issue price of RM1.21 each.

The balance amount owing by PT MKH and MKHOP to Metro Kajang (Oversea) after the Capitalisation of RM1.70 million and RM0.12 million will be repaid by PT MKH and MKHOP respectively from internal funds. The amount owing by PT MKH to Metro Kajang (Oversea) comprises of forex loss of RM0.25 million which will be recognised as other expenses in profit or loss.

Out of the RM29.82 million balance that are owing by MKHOP to MKH Plantation, RM0.18 million which comprises of forex loss will be recognised as other expenses in profit or loss and the remaining RM30.00 million will be repaid by MKHOP from the proceeds to be raised from the Public Issue.

Upon completion of the Capitalisation, the issued share capital of MKHOP increased from RM161.85 million comprising 730,063,894 MKHOP Shares to RM250.82 million comprising 803,590,845 MKHOP Shares.

The Significant Subsequent Events of the new share issuance and the capitalisation are known as "Pro Forma III" for the purpose of pro forma combined statements of financial position.

2.2 Distribution-In-Specie to Shareholders of MKH Berhad

Upon completion of the Pre-IPO, MKH Berhad together with Metro Kajang (Oversea) and MKH Plantation will collectively hold 758,804,663 MKHOP Shares, representing 94.4% equity interest.

MKH Berhad proposes to distribute 82,487,981 MKHOP Shares representing approximately 10.3% equity interest in MKHOP to the Entitled Shareholders on an Entitlement Date.

Upon completion of the Distribution, the total shareholdings of MKH Berhad together with Metro Kajang (Oversea) and MKH Plantation in MKHOP will reduce to approximately 84.2%.

The Distribution-In-Specie to Shareholders of MKH Berhad is known as "Pro Forma IV" for the purpose of pro forma combined statements of financial position.

2.3 Public Issue

The Public Issue will involve the offering of 220,000,000 Issue Shares, representing 21.5% of MKHOP's enlarged share capital at an IPO Price of RM0.62 The Issue Shares will be allocated in the following manner:

(i) Malaysian Public

51,209,800 shares, representing approximately 5.0% of the enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process.

(ii) Private Placement to selected investors

168,790,200 shares, representing approximately 16.5% of the enlarged share capital, are reserved for private placement to selected investors.

The completion of the Public Issue will result in an enlarged issued and share capital of MKHOP from RM250.82 million comprising 803,590,845 MKHOP shares to RM387.22 million comprising 1,023,590,845 MKHOP shares. There is no over-allotment or 'greenshoe' option that will increase the number of IPO Shares.

The Public Issue is known as "Pro Forma V" for the purpose of pro forma combined statements of financial position.

2.4 Utilisation of Proceeds

The gross proceeds of RM136.40 million which would accrue to MKHOP entirely from the Public Issue are intended to be utilised in the following manner:

	RM	RM
Capital expenditures		
Expansion of land banks for oil palm plantation	42,000,000	
Capital expenditures for existing plantation lands	6,000,000	
Setup of PK crushing facility	9,000,000	
Purchase of machinery and equipment for existing palm oil mill	7,551,000	
Capital expenditures for upkeep of workers/staff housing quarters	10,000,000	
Capital expenditures to expand coverage of electricity supply	10,000,000	84,551,000
Purchase of spare parts for machineries		4,000,000
Refurbishment and/or upkeep of existing palm oil mill		4,449,000
Repayment of intercompany balance to MKH Plantation		30,000,000
General working capital		3,420,000
Estimated listing expenses[1]		9,980,000
		136,400,000

Note:

(1) Out of the RM9,980,000 listing expenses that are unpaid as of September 30, 2023, RM8,741,000 will be capitalised as a reduction to equity and the remaining RM1,239,000 will be charged to profit or loss upon completion of the IPO.

The Utilisation of Proceeds is known as "Pro Forma VI" for the purpose of pro forma combined statements of financial position.

3.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2023

The pro forma combined statements of financial position as of September 30, 2023 set out below have been prepared for illustration purposes only to show the effects on the audited combined statements of financial position of MKHOP Group as of September 30, 2023 on the assumption that the Listing Scheme as set out in Note 2.0 has been effected on September 30, 2023 and should be read in conjunction with the notes in this Section.

ASSETS	Audited September 30, 2023 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM
Non-Current Assets							
Property, plant and equipment (Note 3.3(i))	257,422,197	257,422,197	362,745,422	362,745,422	362,745,422	362,745,422	447,296,422
Prepaid lease payments (Note 3.3(ii))	18,190,579	18,190,579	19,833,260	19,833,260	19,833,260	19,833,260	19,833,260
Goodwill on consolidation (Note 3.3(iii))	6,077,776	6,077,776	7,809,556	7,809,556	7,809,556	7,809,556	7,809,556
Receivables, deposits and prepayments (Note 3.3(iv))	1,811,166	1,811,166	1,822,727	1,822,727	1,822,727	1,822,727	1,822,727
Total Non-Current Assets	283,501,718	283,501,718	392,210,965	392,210,965	392,210,965	392,210,965	476,761,965
Current Assets							
Inventories	40,817,670	40,817,670	40,817,670	40,817,670	40,817,670	40,817,670	40,817,670
Biological assets (Note 3.3(v))	6,011,296	6,011,296	6,231,392	6,231,392	6,231,392	6,231,392	6,231,392

(Forward)

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

	Audited September 30, 2023 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM
Receivables, deposits and prepayments (Note 3.3(iv))	36,050,755	36,050,755	22,852,654	22,852,654	22,852,654	22,852,654	22,852,654
Current tax assets	8,837,410	8,837,410	8,837,410	8,837,410	8,837,410	8,837,410	8,837,410
Cash and bank balances (Note 3.3(vi))	72,006,555	72,006,555	73,895,739	72,069,106	72,069,106	208,469,106	75,489,106
Total Current Assets	163,723,686	163,723,686	152,634,865	150,808,232	150,808,232	287,208,232	154,228,232
Total Assets	447,225,404	447,225,404	544,845,830	543,019,197	543,019,197	679,419,197	630,990,197
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital (Note 3.3(vii))	80,468,000	80,468,000	161,847,631	250,815,243	250,815,243	387,215,243	378,474,243
Reserves (Note 3.3(viii))	229,839,669	229,839,669	193,968,576	194,402,152	194,402,152	194,402,152	184,714,152
Equity attributable to the owner of the parent	310,307,669	310,307,669	355,816,207	445,217,395	445,217,395	581,617,395	563,188,395
Non-controlling interests (Note 3.3(ix))	17,644,616	17,644,616	-	-	-	-	-
Total Equity	327,952,285	327,952,285	355,816,207	445,217,395	445,217,395	581,617,395	563,188,395

(Forward)

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

	Audited September 30, 2023 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM
Non-Current Liabilities							
Provisions (Note 3.3(x))	18,149,226	18,149,226	18,784,548	18,784,548	18,784,548	18,784,548	18,784,548
Payables and accruals (Note 3.3(xi))	3,421,585	3,421,585	3,421,585	-	-	-	-
Hire purchase liabilities	457,066	457,066	457,066	457,066	457,066	457,066	457,066
Deferred tax liabilities (Note 4.3(xii))	1,744,445	1,744,445	14,805,897	14,805,897	14,805,897	14,805,897	14,805,897
Total Non-Current Liabilities	23,772,322	23,772,322	37,469,096	34,047,511	34,047,511	34,047,511	34,047,511
Current Liabilities							
Payables and accruals (Note 3.3(xi))	93,020,975	93,020,975	149,080,705	61,274,469	61,274,469	61,274,469	31,274,469
Loan and borrowings	2,359,952	2,359,952	2,359,952	2,359,952	2,359,952	2,359,952	2,359,952
Hire purchase liabilities	119,870	119,870	119,870	119,870	119,870	119,870	119,870
Total Current Liabilities	95,500,797	95,500,797	151,560,527	63,754,291	63,754,291	63,754,291	33,754,291
Total Liabilities	119,273,119	119,273,119	189,029,623	97,801,802	97,801,802	97,801,802	67,801,802
Total Equity and Liabilities	447,225,404	447,225,404	544,845,830	543,019,197	543,019,197	679,419,197	630,990,197

(Forward)

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

	Audited September 30, 2023 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM
Key Financial Ratios:							
Number of ordinary shares in issue (shares)	110,468,000[(1)]	662,808,000	730,063,894	803,590,845	803,590,845	1,023,590,845	1,023,590,845
NA per ordinary share (RM)	2.809	0.468	0.487	0.554	0.554	0.568	0.550
Current ratio (times)	1.714	1.714	1.007	2.365	2.365	4.505	4.569
Gearing ratio (times)	0.217	0.217	0.200	0.007	0.007	0.005	0.005

Note:

[(1)] Number of ordinary shares in issue represents the number of shares of the Company in issue as of September 30, 2023.

3.1 Basis of Preparation

The pro forma combined statements of financial position as of September 30, 2023 have been derived from the audited financial information of MKHOP Group as of September 30, 2023, which were prepared in accordance with MFRS and IFRS and in a manner consistent with the format of the financial statements and accounting policies of the MKHOP Group as if the Group has been operated as a single economic entity throughout the FYE 2023. Combining entities within the MKHOP Group are under common control of the controlling shareholder.

The pro forma combined statements of financial position as of September 30, 2023 have been prepared for illustrative purposes only to show the effects on the audited statements of financial position of the combining entities as of September 30, 2023 on the assumption that the Listing Scheme as set out in Note 2.0 has been effected on September 30, 2023, and should be read in conjunction with the Notes in this Section.

The audited statements of financial position of the combining entities as of September 30, 2023 used in the preparation of the pro forma combined statements of financial position were not subject to any qualifications, modifications or disclaimers.

The pro forma combined statements of financial position are not necessarily indicative of the future financial position that would have been attained had the Listing Scheme as set out in Note 2.0 actually occurred at the respective dates. The pro forma combined statements of financial position have been prepared for illustrative purposes only, and because of the nature, may not give a true picture of the actual position of MKHOP Group.

3.2 Adjustments to the pro forma combined statements of financial position are as below:

3.2.1 Pro Forma I

No statements of financial position impact to the pro forma combined statements of financial position derived from the Pro Forma adjustment Note 2.1 (i).

3.2.2 Pro Forma II

Pro Forma II incorporates adjustments relating to Significant Subsequent Events on the new share issuance, the completion of acquisitions for both PT MKH and PT SPS, the completion of acquisition of Hala Maju and the disposal of one ordinary share in PTMKH and one ordinary share in PTSPS to Hala Maju as set out in Note 2.1 (ii).

3.2.3 Pro Forma III

Pro Forma III incorporates adjustments relating to Significant Subsequent Events on the new share issuance and the capitalisation as set out in Note 2.1 (iii).

3.2.4 Pro Forma IV

No statements of financial position impact to the pro forma combined statements of financial position derived from the Pro Forma adjustment Note 2.2.

3.2.5 Pro Forma V

Pro Forma V incorporates adjustments relating to the new share issuance and proceeds from Public Issue of 220,000,000 new ordinary shares at RM0.62 per ordinary share amounting to RM136,400,000 as set out in Note 2.3.

3.2.6 Pro Forma VI

Pro Forma VI incorporates adjustments relating to the utilisation of proceeds from Public Issue of RM136,400,000 as set out in Note 2.4.

3.3 Notes to the Pro Forma Combined Statements of Financial Position as of September 30, 2023

(i) Property, plant and equipment

The changes in property, plant and equipment are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	257,422,197
Pursuant to Adjustment for Pro Forma II:	
Property, plant and equipment arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	105,323,225
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V	362,745,422
Pursuant to Adjustments for Pro Forma VI:	
Expansion of land banks for oil palm plantation	42,000,000
Capital expenditures for existing plantation lands	6,000,000
Setup of PK crushing facility	9,000,000
Purchase of machinery and equipment for existing palm oil mill	7,551,000
Capital expenditures for upkeep of workers/staff housing quarters	10,000,000
Capital expenditures to expand coverage of electricity supply	10,000,000
Total Adjustments for Pro Forma VI	84,551,000
Per Pro Forma VI	447,296,422

(ii) Prepaid lease payments

The changes in prepaid lease payments are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	18,190,579
Pursuant to Adjustment for Pro Forma II:	
Prepaid lease payments arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	1,642,681
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	19,833,260

(iii) Goodwill on consolidation

The changes in goodwill on consolidation are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	6,077,776
Pursuant to Adjustment for Pro Forma II:	
Goodwill on consolidation arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	1,731,780
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	7,809,556

(iv) Receivables, deposits and prepayments

The changes in receivables, deposits and prepayments are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	
Current	36,050,755
Non-current	1,811,166
	37,861,921
Pursuant to Adjustments for Pro Forma II:	
Plasma receivable and other receivables arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	376,516
Elimination of intercompany balances between PT SPS and MKHOP Group	(13,563,056)
Total Adjustments for Pro Forma II	(13,186,540)
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	24,675,381

	RM
Analysed as:	
Current	22,852,654
Non-current	1,822,727
	24,675,381

(v) Biological assets

The changes in biological assets are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	6,011,296
Pursuant to Adjustment for Pro Forma II:	
Biological assets arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	220,096
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	6,231,392

(vi) Cash and bank balances

The changes in cash and bank balances are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	72,006,555
Pursuant to Adjustment for Pro Forma II:	
Bank balances arising through acquisition of PT SPS from MKH Plantation, IvakiJaya and PT Hikmat	1,889,184
Per Pro Forma II	73,895,739
Pursuant to Adjustment for Pro Forma III:	
Repayment to Metro Kajang (Oversea)	(1,826,633)
Per Pro Forma III/ Pro Forma IV	72,069,106
Pursuant to Adjustment for Pro Forma V:	
Proceeds from Public Issue	136,400,000
Per Pro Forma V	208,469,106
Pursuant to Adjustments for Pro Forma VI:	
Expansion of land banks for oil palm plantation	(42,000,000)
Capital expenditures for existing plantation lands	(6,000,000)
Setup of PK crushing facility	(9,000,000)
Purchase of machinery and equipment for existing palm oil mill	(7,551,000)
Capital expenditures for upkeep of workers/staff housing quarters	(10,000,000)
Capital expenditures to expand coverage of electricity supply	(10,000,000)
Purchase of spare parts for machineries	(4,000,000)
Refurbishment and/or upkeep of existing palm oil mill	(4,449,000)
Repayment of intercompany balance to MKH Plantation	(30,000,000)
Estimated listing expenses	(9,980,000)
Total Adjustments for Pro Forma VI	(132,980,000)
Per Pro Forma VI	75,489,106

(vii) Share Capital

The changes in share capital are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	80,468,000
Pursuant to Adjustment for Pro Forma II:	
Issuance of new ordinary shares pursuant to acquisition of PT MKH and PT SPS	81,379,631
Per Pro Forma II	161,847,631
Pursuant to Adjustment for Pro Forma III/ Pro Forma IV:	
Issuance of new ordinary shares pursuant to Capitalisation	88,967,612
Per Pro Forma III/ Pro Forma IV	250,815,243
Pursuant to Adjustment for Pro Forma V:	
Public issue of new ordinary shares	136,400,000
Per Pro Forma V	387,215,243
Pursuant to Adjustment for Pro Forma VI:	
Estimated direct issue costs of new ordinary shares	(8,741,000)
Per Pro Forma VI	378,474,243

(viii) Reserves

The changes in reserves are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	229,839,669
Pursuant to Adjustment for Pro Forma II:	
Acquisition of remaining equity interests in PT MKH from non-controlling interests	(35,871,093)
Per Pro Forma II	193,968,576
Pursuant to Adjustment for Pro Forma III:	
Reversal of unrealised foreign exchange upon Capitalisation	433,576
Per Pro Forma III/ Pro Forma IV/ Pro Forma V	194,402,152

(viii) Reserves (continued)

	RM
Pursuant to Adjustments for Pro Forma VI:	
Refurbishment and/or upkeep of existing palm oil mill	(4,449,000)
Purchase of spare parts for machineries	(4,000,000)
Estimated listing expenses	(1,239,000)
Total Adjustments for Pro Forma VI	(9,688,000)
Per Pro Forma VI	184,714,152

(ix) Non-controlling interests

The changes in non-controlling interests are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	17,644,616
Pursuant to Adjustment for Pro Forma II:	
Reversal arising from acquisition of remaining equity interests in PT MKH from Metro Kajang (Oversea) and PT Hikmat	(17,644,616)
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	-

(x) Provisions

The changes in provisions are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	18,149,226
Pursuant to Adjustment for Pro Forma II:	
Provisions arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	635,322
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	18,784,548

(xi) Payables and accruals

The changes in payables and accruals are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	
Current	93,020,975
Non-current	3,421,585
	96,442,560
Pursuant to Adjustments for Pro Forma II:	
Payables arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	69,622,786
Elimination of intercompany balances between PT SPS and MKHOP Group	(13,563,056)
Total Adjustments for Pro Forma II	56,059,730
Per Pro Forma II	152,502,290
Pursuant to Adjustment for Pro Forma III:	
Capitalisation of repayment of intercompany balances to Metro Kajang (Oversea) and MKH Plantation	(91,227,821)
Per Pro Forma III/ Pro Forma IV/ Pro Forma V	61,274,469
Pursuant to Adjustment for Pro Forma VI:	
Repayment of intercompany balance to MKH Plantation via proceed from public issue	(30,000,000)
Per Pro Forma VI	31,274,469

	RM
Analysed as:	
Current	31,274,469
Non-current	-
	31,274,469

(xii) Deferred tax liabilities

The changes in deferred tax liabilities are attributed to the following:

	RM
Per Audited as of September 30, 2023/ Pro Forma I	1,744,445
Pursuant to Adjustment for Pro Forma II:	
Deferred tax liabilities arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	13,061,452
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	14,805,897

4.0 APPROVAL

The above Pro Forma Combined Statements of Financial Position are approved and adopted by the Board of Directors of MKHOP in accordance with a resolution dated March 14, 2024

Signed on behalf of the Board of Directors:

CHEN WEI CHYONG DIRECTOR MKH OIL PALM (EAST KALIMANTAN) BERHAD	DATO' LEE KHEE MENG DIRECTOR MKH OIL PALM (EAST KALIMANTAN) BERHAD

15. VALUATION CERTIFICATES

The table below sets out a summary of our material properties which have been valued by the Independent Valuer:

No.	Property details	Market value as at 21 December 2022 RM	Market value as at 13 October 2023 RM
1.	PT MKH's 15,942.6 Ha oil palm plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia	1,025,200,000	1,034,700,000
2.	(i) PT MKH's palm oil mill situated in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia; and	61,730,000	63,700,000
	(ii) PT MKH's CPO bulking station with jetty situated at Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia	10,900,000	11,300,000
3.	PT SPS' 2,445.49 Ha oil palm plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia(1)	104,450,000	110,800,000

Note:

(1) 182.8 Ha of the plantation land area owned by PT SPS has been earmarked for transfer in the form of HGU to Koperasi Perkebunan Sawit Seguntung Jaya, Puan Cepak Village. The transfer of the plantation land area was to fulfill the obligation of PT MKH under the Plasma Programme whereby PT MKH is obligated to amongst others, provide the plantation facilities and assist in the management of the plantation land. Please refer to Section 6.5(b)(v) for further details of the transfer of plantation land area measuring 182.8 Ha.

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C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd
[Registration No. 197701003650 (34874-P)]
Juruukur Berkanun Perunding Harta Antarabangsa
Chartered Surveyors International Property Consultants

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Sr Leong Shin Yau
B Comm MRICS MRISM
Sr Cornelius Koh
BSc MRICS MRISM
Sr Chong Fui Mei
BSc MRICS MRISM
Sr Benjamin Mu Vi Ken
BSc MRISM
Sr Chan Mon Hueg
BSc MRICS MRISM
Sr Tan Ka Leong
B Surv MRICS FRISM MPEPS
Sr Lim Chai Yin
BSc MRISM MPEPS MMIPFM
Sr Robert Ting Kang Sung
B Bus MRISM MPEPS MMIPPM

Consultants
Datuk Sr Chong Choon Kim PGDK
BSc MRICS FRISM
Sr Robin Chung York Bin
BSc MBA DipProjMan MRICS FRISM
Sr Foo Gee Jen
B Surv MRICS FRISM FPEPS MMIPFM

Report and Valuation

Our Ref: WTWS/SC/MISC/MKH/1

27 December 2023

The Directors
MKH Oil Palm (East Kalimantan) Berhad
G-02 & G-03, Ground Floor, Wisma MKH
Jalan Semenyih, 43000 KAJANG
SELANGOR DARUL EHSAN

Dear Sirs

VALUATION CERTIFICATE
UPDATE VALUATION FOR TWO (2) OIL PALM PLANTATIONS AND ONE (1) PALM OIL MILL WITH CRUDE PALM OIL BULKING STATION AND JETTY UNDER PT MAJU KALIMANTAN HADAPAN AND PT SAWIT PRIMA SAKTI ALL SITUATED IN KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA

This valuation certificate has been prepared for submission to the Securities Commission Malaysia and for inclusion in the prospectus of MKH Oil Palm (East Kalimantan) Berhad.

We were previously instructed to value the abovementioned properties for submission to the Securities Commission Malaysia in relation to the proposed listing of and quotation for the entire enlarged issued share capital of MKH Oil Palm (East Kalimantan) Berhad on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspected the subject properties on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value. The material date of valuation is taken as at 13 October 2023. This updated valuation certificate should be read in conjunction with the full Report and Valuation.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

Based on the above, the Market Value of the Subject Properties under PT Maju Kalimantan Hadapan (MKH) and PT Sawit Prima Sakti (SPS) are summarized and tabulated as follows:-

No.	Property Details	Market Value	
		Rp	RM
1	PT Maju Kalimantan Hadapan Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/081/(h)/1]	**3,425,900,000,000**	**1,034,700,000**
2	PT Sawit Prima Sakti Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/092/(f)/1]	**366,800,000,000**	**110,800,000**
3	(i) PT Maju Kalimantan Hadapan Palm Oil Mill situated in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, and	**210,900,000,000**	**63,700,000**
	(ii) PT Maju Kalimantan Hadapan Crude Palm Oil (CPO) Bulking Station with Jetty situated in Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/P&M/SC/414/(e)/1]	**37,500,000,000**	**11,300,000**
Total Market Value		**4,041,100,000,000**	**1,220,500,000**

(exchange rate of RM1.00 = Rp3,311, the middle rate in the Interbank Foreign Exchange Rates of Bank Negara Malaysia as at 13 October 2023).

Yours faithfully
For and on behalf of
C H WILLIAMS TALHAR & WONG (SABAH) SDN BHD

Sr BENJAMIN MU VI KEN
BSc MRISM
Registered Valuer V0821

BM/tnl
Encl.

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2.0 UPDATE VALUATION OF PROPERTIES BELONGING TO MKH OIL PALM (EAST KALIMANTAN) BERHAD

Brief identification of the properties, general description and market value of each property are as follows:-

2.1 [Ref : WTWS/SC/MISC/081/(h)/1] - PT MAJU KALIMANTAN HADAPAN OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA

We valued the subject property as at 21 December 2022 vide our Report and Valuation bearing reference number WTWS/SC/MISC/081/(h) dated 20 February 2023.

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspect the subject property on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value.

We wish to report that there are no material changes to the subject property and that the subject property remained substantially the same as previously reported in our full Report and Valuation, and that the registered owner of the subject property remained unchanged as previously reported in our full Report and Valuation.

Prices and outlook for palm oil have continued to be good since the date of our last valuation as at 21 December 2022. Recent PO, FFB (TBS) and PK prices (for the Year 2023) in Kalimantan Timur (KALTIM) are tabulated as follows:-

Average Price of CPO, Kernel and FFBs Rp'000/Tonne, Kalimantan Timur										
	FFB Price (2023)									
Palm Age	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
3	2,118.30	2,069.79	2,168.44	2,202.33	2,011.97	1,877.96	1,907.13	1,910.83	1,909.55	1,917.85
4	2,263.40	2,211.69	2,317.18	2,352.85	2,149.71	2,006.52	2,037.96	2,042.20	2,039.75	2,049.33
5	2,273.24	2,221.18	2,327.07	2,363.37	2,159.12	2,015.31	2,046.64	2,050.66	2,049.14	2,058.14
6	2,296.79	2,244.19	2,351.13	2,387.92	2,181.50	2,036.20	2,067.80	2,071.79	2,070.50	2,079.43
7	2,310.02	2,257.11	2,364.63	2,401.72	2,194.07	2,047.94	2,079.67	2,083.65	2,082.51	2,091.39
8	2,327.84	2,274.52	2,382.90	2,420.21	2,210.99	2,063.73	2,095.74	2,099.78	2,098.51	2,107.53
9	2,373.78	2,319.39	2,429.78	2,468.21	2,254.68	2,104.52	2,136.96	2,140.88	2,140.35	2,149.04
10<	2,401.92	2,346.89	2,458.60	2,497.46	2,174.53	2,129.46	2,162.30	2,166.29	2,165.69	2,174.53
K'Index %	86.55	85.06	86.01	86.49	85.65	85.47	86.56	85.75	86.46	85.64
CPO Price	11,490.75	11,425.48	11,870.03	11,901.90	11,016.98	10,303.19	10,376.78	10,539.78	10,479.15	10,533.27
Kernel	5,282.23	5,233.15	5,292.62	5,730.33	5,121.38	4,797.76	4,609.72	4,464.34	5,290.72	4,747.28

Source : Dinas Perkebunan Provinsi Kalimantan Timur, Indonesia

From the above Table of CPO and FFB prices, it could be seen that prices have remained generally good since the date of our last valuation as at 21 December 2022.

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C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

2.1 **[Ref : WTWS/SC/MISC/081/(h)/1] -** PT MAJU KALIMANTAN HADAPAN OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA

In this regard, we have maintained the long term average Price of Rp1,950,000 per tonne of FFB adopted in the original valuation as at 21 December 2022. We would also like to confirm that there are no other significant changes to the market condition since the date of our last valuation as at 21 December 2022.

We have adopted the same Investment (discounted cash flow) Method of valuation as the main method of valuation, and would continue to adopt the same yields, price of FFB, cost of production, and capitalization rate. The Comparison Method of Valuation is used as a counter check only, and there are no recent similar new transactions.

In our opinion, the Market Value of the subject property as at 13 October 2023, and free from all encumbrances is **Rp3,425,900,000,000 (Indonesian Rupiah : Three Trillion Four Hundred Twenty Five Billion And Nine Hundred Million Only)** equivalent to **RM1,034,700,000 (Ringgit Malaysia : One Billion Thirty Four Million And Seven Hundred Thousand Only)** (based on exchange rate of RM1.00 = Rp3,311).

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C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

2.2 [Ref : WTWS/SC/MISC/092/(f)/1] – 2,445.49 HECTARES PT SAWIT PRIMA SAKTI OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA

We valued the subject property as at 21 December 2022 vide our Report and Valuation bearing reference number WTWS/SC/MISC/092/(f) dated 20 February 2023.

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspect the subject property on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value.

We wish to report that there are no material changes to the subject property and that the subject property remained substantially the same as previously reported in our full Report and Valuation, and that the registered owner of the subject property remained unchanged as previously reported in our full Report and Valuation.

Prices and outlook for palm oil have continued to be good since the date of our last valuation as at 21 December 2022. Recent PO, FFB (TBS) and PK prices (for the Year 2023) in Kalimantan Timur (KALTIM) are tabulated as follows:-

Average Price of CPO, Kernel and FFBs Rp'000/Tonne, Kalimantan Timur										
	FFB Price (2023)									
Palm Age	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
3	2,118.30	2,069.79	2,168.44	2,202.33	2,011.97	1,877.96	1,907.13	1,910.83	1,909.55	1,917.85
4	2,263.40	2,211.69	2,317.18	2,352.85	2,149.71	2,006.52	2,037.96	2,042.20	2,039.75	2,049.33
5	2,273.24	2,221.18	2,327.07	2,363.37	2,159.12	2,015.31	2,046.64	2,050.66	2,049.14	2,058.14
6	2,296.79	2,244.19	2,351.13	2,387.92	2,181.50	2,036.20	2,067.80	2,071.79	2,070.50	2,079.43
7	2,310.02	2,257.11	2,364.63	2,401.72	2,194.07	2,047.94	2,079.67	2,083.65	2,082.51	2,091.39
8	2,327.84	2,274.52	2,382.90	2,420.21	2,210.99	2,063.73	2,095.74	2,099.78	2,098.51	2,107.53
9	2,373.78	2,319.39	2,429.78	2,468.21	2,254.68	2,104.52	2,136.96	2,140.88	2,140.35	2,149.04
10<	2,401.92	2,346.89	2,458.60	2,497.46	2,174.53	2,129.46	2,162.30	2,166.29	2,165.69	2,174.53
K'Index %	86.55	85.06	86.01	86.49	85.65	85.47	86.56	85.75	86.46	85.64
CPO Price	11,490.75	11,425.48	11,870.03	11,901.90	11,016.98	10,303.19	10,376.78	10,539.78	10,479.15	10,533.27
Kernel	5,282.23	5,233.15	5,292.62	5,730.33	5,121.38	4,797.76	4,609.72	4,464.34	5,290.72	4,747.28

Source : Dinas Perkebunan Provinsi Kalimantan Timur, Indonesia

From the above Table of CPO and FFB prices, it could be seen that prices have remained generally good since the date of our last valuation as at 21 December 2022.

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C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd **[Registration No. 197701003650 (34874-P)]**

2.2 **[Ref : WTWS/SC/MISC/092/(f)/1]** – 2,445.49 HECTARES PT SAWIT PRIMA SAKTI OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA

In this regard, we have maintained the long term average Price of Rp1,950,000 per tonne of FFB adopted in the original valuation as at 21 December 2022. We would also like to confirm that there are no other significant changes to the market condition since the date of our last valuation as at 21 December 2022.

We have adopted the same Investment (discounted cash flow) Method of valuation as the main method of valuation, and would continue to adopt the same yields, price of FFB, cost of production, and capitalization rate. The Comparison Method of Valuation is used as a counter check only, and there are no recent similar new transactions.

In our opinion, the Market Value of the subject property as at 13 October 2023, and free from all encumbrances is **Rp366,800,000,000 (Indonesian Rupiah : Three Hundred Sixty Six Billion And Eight Hundred Million Only)** equivalent to **RM110,800,000 (Ringgit Malaysia : One Hundred Ten Million And Eight Hundred Thousand Only)** (based on exchange rate of RM1.00 = Rp3,311).

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C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

2.3 **[Ref : WTWS/P&M/SC/414/(e)/1]** - (I) PT MAJU KALIMANTAN HADAPAN PALM OIL MILL SITUATED IN DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, AND (II) PT MAJU KALIMANTAN HADAPAN CRUDE PALM OIL BULKING STATION WITH JETTY SITUATED IN DESA SEBULU ILIR, KECAMATAN SEBULU, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA

We valued the subject property as at 21 December 2022 vide our Report and Valuation bearing reference number WTWS/SC/MISC/414/(e) dated 20 February 2023.

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspect the subject property on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value.

We wish to report that there are no material changes to the subject property and that the subject property remained substantially the same as previously reported in our full Report and Valuation, and that the registered owner of the subject property remained unchanged as previously reported in our full Report and Valuation.

We have adopted the same Depreciated Replacement Cost Method of Valuation as the main method of valuation, and have adopted the same parameters as per our previous valuation report dated 20 February 2023. There were also no transaction of palm oil mill in the vicinity since our last date of valuation as at 21 December 2022.

In our opinion, the Market Value of the subject properties as at 13 October 2023, and free from all encumbrances, are as follows:

(I) PT Maju Kalimantan Hadapan Palm Oil Mill	
Description	Market Value
Land	Rp 2,800,000,000
Buildings	Rp 53,300,000,000
Plant and Machinery	Rp154,800,000,000
Total	***Rp210,900,000,000***

[equivalent to **RM63,700,000 (Ringgit Malaysia: Sixty Three Million And Seven Hundred Thousand Only)** (exchange rate of RM1.00 = Rp3,311, the middle rate on 13 October 2023 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

(II) PT Maju Kalimantan Hadapan Crude Palm Oil Bulking Station with Jetty	
Description	Market Value
Land	Rp 8,610,000,000
Buildings	Rp12,350,000,000
Plant and Machinery	Rp16,540,000,000
Total	***Rp37,500,000,000***

[equivalent to **RM11,300,000 (Ringgit Malaysia: Eleven Million And Three Hundred Thousand Only)** (exchange rate of RM1.00 = Rp3,311, the middle rate on 13 October 2023 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

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WTW INTERNATIONAL

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BSc MBA DipProjMan MRICS FRISM

Our Ref: WTWS/SC/MISC/MKH/1

20 February 2023

The Directors
MKH Oil Palm (East Kalimantan) Berhad
5th Floor, Wisma MKH
Jalan Semenyih, 43000 KAJANG
SELANGOR DARUL EHSAN

Dear Sirs

VALUATION CERTIFICATE FOR TWO (2) OIL PALM PLANTATIONS AND ONE (1) PALM OIL MILL WITH CRUDE PALM OIL BULKING STATION AND JETTY UNDER PT MAJU KALIMANTAN HADAPAN AND PT SAWIT PRIMA SAKTI ALL SITUATED IN KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA

We refer to your instructions to carry out a formal valuation on the above-mentioned Subject Properties and to provide our opinion on the Market Value of the Subject Properties as at 21 December 2022 for the purpose of submission to Securities Commission Malaysia in relation to the proposed listing and quotation for the entire enlarged capital of MKH Oil Palm (East Kalimantan) Berhad on the Main Market of Bursa Malaysia Securities Behad ("Proposed Listing").

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions for the inclusion in the prospectus of **MKH Oil Palm (East Kalimantan) Berhad** in relation to the Proposed Listing.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The Subject Properties were inspected from 18 to 21 December 2022. The material date of valuation is taken as at 21 December 2022.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

The valuation for the Subject Properties has been carried out by using the Investment (Net Present Value, Discounted Cash Flow) Method, the Depreciated Replacement Cost Method and the Comparison Method. This Valuation Certificate should be read in conjunction with the full valuation reports dated 20 February 2023 prepared by C H Williams Talhar & Wong (Sabah) Sdn Bhd for submission to the Securities Commission Malaysia which detailed the basis under which the valuation have been prepared.

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd **[Registration No. 197701003650 (34874-P)]**

1.0 SUMMARY OF VALUE

The Market Value of the registered owner's interest of the Subject Properties under PT Maju Kalimantan Hadapan (MKH) and PT Sawit Prima Sakti (SPS) are summarized and tabulated as follows:-

No.	Property Details	Market Value	
		Rp	RM
1	PT Maju Kalimantan Hadapan Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/081/(h)]	**3,597,400,000,000**	**1,025,200,000**
2	PT Sawit Prima Sakti Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/092/(f)]	**366,510,000,000**	**104,450,000**
3	(i) Pt Maju Kalimantan Hadapan Palm Oil Mill situated in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, and	**216,600,000,000**	**61,730,000**
	(ii) Pt Maju Kalimantan Hadapan Crude Palm Oil (CPO) Bulking Station with Jetty situated in Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/P&M/SC/414/(e)]	**38,245,000,000**	**10,900,000**
Total Market Value		**4,218,755,000,000**	**1,202,280,000**

(exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia).

Yours faithfully
For and on behalf of
C H WILLIAMS TALHAR & WONG (SABAH) SDN BHD

Sr BENJAMIN MU VI KEN
BSc MRISM
Registered Valuer V0821

CYK/LNY/tnl
Encl.

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2.0 METHOD OF VALUATION

We have adopted the following Methods of Valuation:-

(i) Investment (Discounted Cash Flow) Method to value the oil palm fields.

(ii) Comparison Method (a) to value the unimproved land value (b) to cross check the valuation obtained by the Investment (DCF) Method, providing the range of values being realized for comparable properties and with which the values arrived at by the Investment Method should be reconciled making due adjustments for age, yields, location and terrain/soils of the respective palms, (c) to value the palm oil mill site.

(iii) Depreciated Replacement Cost approach to value the buildings and the plant and machinery within the palm oil mill and crude palm oil bulking station with jetty.

Investment (Net Present Value NPV Discounted Cash Flow) Method	With this method, the annual income accruing to the oil palm is estimated based on yield and long term average price of the crops. From this is deducted the costs of production and the nett income is then capitalized at the appropriate rate of return for the remaining cropping life of the oil palm to obtain the value of the present crops. To this is added the scrub value or basic land value to which the land reverts at the end of the economic life of the cultivations, the basic land value being deferred (discounted) for the period. When additional buildings are considered to be required, or additional roads or gravelling of roads, this is deducted as capital expenditure from the capitalized income.
Comparison Method	This entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes to derive the value of a subject property, with adjustments made for differences in location, terrain, size and shape of land, tenure, title restrictions if any, cultivation and other relevant characteristics to arrive at the market value.
Depreciated Replacement Cost Method	With this method, the gross current replacement cost (GRC) or cost of replacement new (CRN) of an asset (building or plant and machinery) is estimated and from this is deducted depreciation to derive its depreciated or nett replacement cost (Market Value). The GRC or CRN is defined as the cost of replacing the plant and machinery, including cost of installation, if any, with plant and machinery, in new condition, having similar useful output or service potential. With buildings the GRC or CRN is the estimated current construction cost inclusive of profits and finance charges. Depreciation is defined as the measure of the wearing out, consumption or other permanent loss of value of the building or plant and machinery whether arising from use, effluxion of time, or obsolescence through technology and market changes. Where suitable market evidence is readily available, depreciated/nett current replacement cost can also be regarded as the cost of acquiring in the open market a similar plant and machinery with the same remaining economic working life as the existing asset, plus an amount equal to the depreciated replacement cost of installation, if any, of the existing plant and machinery.

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2.0 METHOD OF VALUATION (cont'd)

2.1 Oil Palm Estates

Investment (Discounted Cash Flow) Method

In arriving at the Market Value of the Subject Properties, we have adopted the Investment (Discounted Cast Flow) Method of Valuation which we consider to be the most appropriate method.

Parameters adopted in Valuation are as follows:-

We have adopted the following parameters in the Investment Method:-

(a) Long Term Average Price (LTAP)

From the 60-month (January 2018 to December 2022) FFB prices published by Dinas Perkebunan Kalimantan Timur which give a result of average Rp1,863,000 to Rp2,136,000 per MT, respectively, using the Simple Moving Average (SMA) against Weighted Moving Average (WMA) and a Sensitivity Testing/Simulation, we adopt a LTAP for fresh fruit bunch of Rp1,950,000 per MT in the valuation. As the cropping life of oil palm is upto 22 years, the LTAP of Rp1,950,000 per MT for FFB is considered reasonable and sustainable in the medium to long run.

(b) Yield Profile of the Estates

The yields of the different plantings for their remaining economic life are projected by reference to the past recorded yields, the physical condition of the estates, the condition of the palms and the projected yield profiles of oil palm from different planting materials.

The projected yield profile is, generally, a yield of 3 to 8 MT/Ha/Yr in Year 3 (first year of harvesting), thence, increasing, in Years 4-7, peaking at 17-33.5 MT/Ha/Yr over Years 8-15 before declining, yearly, to 14-22 MT/Ha/Yr in Year 24 when the palms are due for replanting.

(c) Production Cost

The production cost is a summation of three main components, that is the General Charges, Field Upkeep and Harvesting & Collection of FFB based on the estate's actual past years records. Reference is also made to costs of other similar estates in Kalimantan. The cost projections are generally in line with the costs of the oil palm plantation industry in Kalimantan.

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2.0 METHOD OF VALUATION (cont'd)

2.1 Oil Palm Estates (cont'd)

Investment (Discounted Cash Flow) Method (cont'd)

(d) Life Span

We adopt a total life span of 25 years (Years 0 to 24) for oil palm from planting out to felling for replanting; or 2½ - 3 years (30 - 36 months Years 0 to 2) to maturity and cropping life thereafter of 22 years (Years 3 to 24). The actual cropping life of any oil palm field is therefore 25 years from planting out for the normal Dura x Pisifera (DxP) palms less current age of the oil palm.

(e) Discount Rates

Having taken due consideration of the risks of yield and price viz income fluctuations, of pest and disease associated with oil palm and comparing with other real estate yields, we have adopted a Capitalization Rate of 9% to capitalize net income from mature oil palm cultivation, and 4% for deferring (discounting) the basic land value which is reverted to at the end of the cropping life.

(f) Basic Land Value

The basic land value is assessed by adding to the unimproved land value, the value of estate buildings, roads, water piping and electricity wires and land for roading and building sites.

The unimproved land value is derived by Comparison Method whilst the buildings and other infrastructure are valued by the Depreciated Replacement Cost Method.

Comparable Sale / Evidence Of Value (applicable for both Oil Palm Estates)

The Comparable Sales or Comparison Method is used to cross check the valuation obtained by the Investment (DCF) Method, providing the range of values being realized for comparable properties and with which the values arrived at by the Investment Method should be reconciled making due adjustments for age, yields, location and terrain/soils of the respective palms. As the differences might be very significant and adjustments difficult, we have not relied on the Comparison Method but only made reference to the sales evidence as rough guide and range of realiseable/realistic values.

Transactions of oil palm plantations within the region covering Sabah, Malaysia and Kalimantan Province, Indonesia and their analysis are as follows:-

15. VALUATION CERTIFICATES *(Cont'd)*

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2.0 METHOD OF VALUATION (cont'd)

2.1 Oil Palm Estates (cont'd)

Comparable Sale / Evidence Of Value (applicable for both Oil Palm Estates)

Comparable No.	Location	Description	Area (Ha)	Vendor	Purchaser	Date of Transaction	Consideration	Analysis Per Ha	
1	Desa Muara Kedang and Muara Gusik, Kecamatan Kutai Barat, Kalimantan Timur, Indonesia	Oil Palm Estate	16,062.00	PT REA Kaltim Plantations (Vide transfer of 95% equity interest in PT Putra Bongan Jaya)	Kuala Lumpur Kepong Berhad (KLK)	25 April 2018	USD 80,000,000	RM19,425	Rp69,153,000 [RM1 = Rp3,560 as at 25/04/2018]
2	Kabupaten Tapin, Provinsi Kalamantan Selatan, Indonesia	Oil Palm Estate	14,461.00	Lee Rubber Company (Pte) Ltd	Asian Indo Holdings (Pte) Ltd	Bursa Announcement dated 18 August 2017	USD94,970,000	RM29,915.61 inclusive of 60 MT palm oil mill	Rp93,187,000 [RM1 = Rp3,115 as at 18/08/2017]
3	Matangai, Kapuas Barat, Dadahup & Kapuas Murung District, Kapuas Regency, Kalimantan Tengah, Indonesia	Oil Palm Estate	24,935.00	Lincoln Wilshire Investments Ltd	United Malacca Berhad	Bursa Announcement dated 15 December 2015	USD66,400,000	RM53,186	Rp171,418,000 per hectare *[RM1 = Rp3,223 as at 15/12/2015] *over Inti planted area 6,075.91 ha
4	District Beluran, Kinabatangan, Labuk Sugut, Sabah	Oil Palm Estate	12,144.09	Sit Seng & Sons Realty Sdn Bhd & various others	Boustead Rimba Nilai Sdn Bhd	01 August 2018	Rm307,000,000 Inclusive of 1 palm oil mill	RM 71,614 (Excluding palm oil mill)	Rp256,665,000 [RM1 = Rp3,584 as at 01/08/2018]
5	Distirict Labuk & Sugut, Sabah	Oil Palm Estate	11,597.31	Pertama Land & Development Sdn BHd	Boustead Rimba Nilai Sdn Bhd	30 October 2017	RM750,000,000	RM64,771	Rp207,785,000 [RM1 = Rp3,208 as at 30/07/2017]

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2.0 METHOD OF VALUATION (cont'd)

2.1 Oil Palm Estates (cont'd)

Comparable Sale / Evidence Of Value (applicable for both Oil Palm Estates)

Comparables (1) to (3) are located in Kalimantan, Indonesia and these 3 comparables provide a range of values between Rp69,153,000 and Rp171,418,000 per hectare about 3 to 6 years ago. The transacted price of Comparable (2) is inclusive of a 60 MT/hr palm oil mill.

Comparable (4) and (5) are both located in Sabah, Malaysia towards north of Kalimantan. They were transacted about 3 and 4 years ago at about Rp256,665,000 and Rp207,785,000 per hectare, respectively.

As the transacted prices of all the comparables have huge significant differences in values on per hectare basis and adjustments is difficult, we have not relied on the Comparison Method but only made reference to the sale evidences as rough guide and range of realiseable/realistic values. Nonetheless, our valuation of about Rp225,640,000 per hectare (PT Maju Kalimantan Hadapan Oil Palm Plantation) and Rp149,870,000 per hectare (PT Sawit Prima Sakti Oil Palm Plantation) are within the range of the sale comparables.

2.2 Palm Oil Mill and Crude Palm Oil (CPO) Bulking Station with Jetty

The best method to value the subject property would have been on the basis of comparison with recent sales of similar palm oil mill or site in the locality. However, there are no sales of palm oil mill or even mill sites. Therefore, we would separately value the Mill Site by the Comparison Method, and the Mill Buildings and Plant and Machinery by the Depreciated Replacement Cost Method, and the values of the 3 components are then summated to arrive at the Market Value of the Palm Oil Mill. The following rates are used in the Depreciated Replacement Cost Method in the Valuation of PT MKH Palm Oil Mill and the CPO Bulking Station with Jetty.

Item	Rate of Depreciation
Land	No depreciation
Buildings and Civil Works	2% on reducing balance, i.e. 50 years economic life span based on its condition and state of upkeep as observed during inspection. Based on this rate, the accumulated depreciation factor for buildings vary from 0.02 to 0.22.
Plant and Machinery	3% on reducing balance, i.e. 33 years economic life span based on its condition and state of upkeep as observed during inspection. Based on this rate, the accumulated depreciation factor for plant and machinery vary from 0.03 to 0.28.

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2.0 METHOD OF VALUATION (cont'd)

2.2 Palm Oil Mill and Crude Palm Oil Bulking Station with Jetty (cont'd)

Process Flow

The mill consists of fresh fruit bunch (FFB) reception, sterilizing, stripping, extraction, clarification, storage, nut and kernel recovery, boiler, power plant, water supply, effluent and workshop. The FFB are transported from the field to the palm oil mill for the extraction of crude palm oil and producing kernel for sale. The FFB are weighed on the weighbridge and recorded before sending to the loading ramp. At the loading ramp, the FFB are loaded into the fruit cages and send to the sterilization station. The sterilized FFB are transported via the fruit cages and tipped into the thresher for stripping, where the FFB separated into bunches and fruits.

The stripped fruits are conveyed to the digester and the pressing station for crude oil extraction and press cake. The CPO will be pumped to the clarification tank and distributed into the sludge tank and pure oil tank. The sludge is separated for oil sludge and sludge & dirt. The sludge oil will be sent back to the clarification station, whilst the sludge & dirt will be pumped to the effluent ponds for treatment. The pure oil after going through the purification and vacuum dryer process will be pumped to the bulk oil storage tank for distribution.

The press cakes are broken and conveyed to the winnowing column and depericarper for separation of nut and fibre. The fibre will be used as fuel for the boiler, whilst the nuts are conveyed to the nut silo. The nuts will be cracked into shells and kernels mixture by the ripple mills in the nut cracker section. The shells and kernels mixtures are separated into shells and kernels via the winnowing system and hydro-cyclone. The separated shells are conveyed to the boiler as a source of fuel. The separated kernel will be sent to the kernel drying silo and the dry kernel will conveyed to kernel bagging for distribution.

3.0 IDENTIFICATION, DESCRIPTION AND ASSESSMENT

Brief identification of the property, general description and assessment of Market Value of each oil palm plantations and the palm oil mill with CPO bulking station and Jetty are stated in the following pages.

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3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation
Situated At Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia
[Our Ref : WTWS/SC/MISC/081/(h)]

The description of the subject property is as follows_

Particulars of Title (Sertipikat Hak Guna Usaha (HGU) No.) :

Sertipikat No. (Title No.)	16.03.21.09.2.00008
Provinsi (Province)	Kalimantan Timur
Kabupaten (County)	Kutai Kartanegara
Kecamatan (District)	Muara Kaman
Desa (Sub-District)	Puan Cepak and Sedulang
Lamanya Hak Berlaku (Term)	35 years (Unexpired term 19½ years approximately)
Berakhirnya Hak (Expiry)	12 September 2042
Pemegang Hak (Registered Owner)	PT MAJU KALIMANTAN HADAPAN
Luas (Area)	15,942.6 hectares
Hipotik (Charge/Encumbrances)	Charged to OCBC Al-Amin Bank Berhad Kuala Lumpur, Malaysia vide ref 00264/2017

Site : The 15,942.6 hectares land of PT Maju Kalimantan Hadapan is under one (1) Sertipikat Hak Guna Usaha (HGU).

It is situated approximately 50 km due north east of Samarinda, the provincial capital of Provinsi Kalimantan Timur. By road the subject Property is about 75 km from Samarinda via sealed and gravelled road. The land has a roughly "cleaver' shape measuring about 21 km from north to south about 12 km along its northern boundary and about 7 km along its southern boundary. The terrain is generally flat to gently undulating at elevation mainly between 15 and 30 m Above Mean Sea Level (AMSL). The Subject Property has been developed and cultivated with oil palms together with a 90 MT FFB/hr Palm Oil Mill. The oil palm plantation is planted out and administered under 3 estates, namely Estate Maju Utara (EMU), Estate Maju Central (EMC) and Estate Maju Selatan (EMS). A good infrastructure of roads, canal/drains and estate buildings had been established.

Based on estate record, to-date, 15,012.44 hectares had been planted mainly within year 2008, 2009 and 2010. The current state of development and cultivation of the plantation is tabulated as follows:-

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3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)

Site (cont'd) :

	Area (Hectare)			
	EMU	EMC	EMS	Total
Oil Palms Planted Area	5,816.65	5,212.87	3,982.92	15,012.44
Unplanted Area / Planting Reserve	-	-	-	130.71
Nursery	-	-	-	10.41
Quarry	-	-	-	7.50
Area under Roads, Drains & Building Sites	-	-	-	748.62
Palm Oil Mill Site	-	-	-	32.92
Total Title Area (HGU Area)				15,942.60

Buildings : The estate buildings comprises both permanent (brick and cement) and non permanent (timber/kalsiboard), and paint coated. The buildings are either single storey or raised floor type on low timber or concrete posts. All the buildings are fitted with electricity wiring, water borne sanitation and plumbing.

Type of Building	Unit / Block
Director House (Cahaya Perkasa)	1
SEM (EMC) House G1	1
Main Office	1
Manager Bungalow 1	1
Manager House G6	1
Guest House	1
Barak I Quarters	3
Barak Quarters G6	1
Longhouse	3
Mosque	8
Worker Quarters G1	20
Worker Quarters G2	2
Worker Quarters G5	147
Worker Quarters G6	32
Worker Quarters G10	114
Fertilizer Store	12
Genset House	20
Waste Disposal (TPSA) Building	5
Water Dispenser Building	3
Water Tower	17
Watch Tower	6
Store - Main, Material, Oil, Fire Extinguisher, Vehicle, etc.	15
Security Posts, Mess G5, Guard Post & Main Guard House	22
Workshop	5
Assembly Hall, ATM Building, Canteen, Clinic, Community Centre, Creche, Diesel Station, Mini Market, Wet Market Post Office, School Building, Toilet, etc.	21
Total	462

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

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3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)

Road System : The Subject Property is adequately served by a network of internal estate roads.

The roads are either gravelled or compacted earth surface and maintained in fair condition. The length of the estate roads is as follows:-

Estate	Area Planted (Ha)	Roads (Metre)			Metre/ Ha	% Gravelled
		Gravelled	Earth	Total		
EMU	5,816.65	124,500	181,150	305,650	52.55	40.73%
EMC	5,212.87	103,032	226,924	329,956	63.30	31.23%
EMS	3,982.92	64,807	175,453	240,260	60.32	26.97%
Total	15,012.44	292,339	583,527	875,866	58.34	33.38%

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

Existing Use : The subject plantation is planted with oil palms in 3 estates. A summary of the oil palm cultivation at the 3 estates are as follows:-

Block No.	Land Use	Year of Planting	Area (Ha.)	Palms/Ha
Estate Maju Utara (EMU)				
D08B/C	Oil Palm	2008	1,382.02	136-168
D09A/B	Oil Palm	2009	1,882.44	136-173
D10A/B/C	Oil Palm	2010	2,552.19	123-173
Total Area			5,816.65	
Estate Maju Central (EMC)				
G08A/B	Oil Palm	2008	1,073.08	123-156
G09A/B/C	Oil Palm	2009	2,187.90	122-147
G10A/B/C, 12A	Oil Palm	2010	1,951.89	128-150
Total Area			5,212.87	
Estate Maju Selatan (EMS)				
S08B/C	Oil Palm	2008	1,456.82	132-148
S09A/B	Oil Palm	2009	1,188.74	127-146
S10A/B, S13A	Oil Palm	2010	1,337.36	119-149
Total Area			3,982.92	
Total Planted Area			**15,012.44**	
Unplanted Area / Planting Reserve			130.71	
Nursery			10.41	
Quarry			7.50	
Area Under Roads, Drains & Building Sites			748.62	
Palm oil Mill Site			32.92	
HGUs Title Area			**15,942.60**	

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

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3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)

Existing Use (cont'd) : The palms are Dura x Pisifera (DxP) hybrids with planting materials sourced from Lonsum, Damimas and Benih Sawit Makmur (BSM). The oil palms were mainly planted between 2008 and 2010, currently 12 to 14 years old. The palms were observed to be growing well and under good agricultural upkeep and maintenance.

Crop Production : The past years (2017-2022) FFB production and yield records for the plantation are tabulated as follows:-

YOP	Area (Ha)	2017		2018		2019		2020		2021		2022	
		MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA
EMU													
2008	1,382.02	45,829.17	33.16	47,535.09	34.40	38,182.84	27.63	40,427.78	29.25	44,035.41	31.86	37,038.17	26.80
2009	1,882.44	62,100.43	32.99	66,896.63	35.54	56,242.90	29.88	54,225.87	28.81	61,296.05	32.56	46,268.52	24.58
2010	2,552.19	55,817.54	21.87	69,598.68	27.27	77,416.14	30.33	71,249.48	27.92	67,371.47	26.40	52,408.15	20.53
EMC													
2008	1,073.08	33,799.93	31.50	37,411.85	34.86	30,602.01	28.52	31,533.14	29.39	30,822.20	28.72	29,330.17	27.33
2009	2,187.90	61,595.14	28.15	70,207.91	32.09	70,444.09	32.20	73,202.89	33.46	62,850.97	28.73	57,580.32	26.32
2010	1,951.88	30,372.65	15.56	45,680.16	23.40	51,856.34	26.57	55,827.87	28.60	46,934.40	24.05	43,225.78	22.15
EMS													
2008	1,456.82	43,997.03	30.20	48,654.55	33.40	41,314.17	28.36	45,266.54	31.07	39,248.99	26.94	38,227.17	26.24
2009	1,188.74	33,838.72	28.47	37,171.66	31.27	35,804.39	30.12	38,198.75	32.13	34,294.01	28.85	34,227.05	28.79
2010	1,337.36	21,104.51	15.78	26,661.67	19.94	35,312.43	26.40	38,453.87	28.75	32,221.35	24.09	24,598.55	18.39

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

Production Cost : The actual production cost for financial year 2018-2022 are as follows:-

	Year 2018 (Oct'17-Sept'18)	Year 2019 (Oct'18-Sept'19)	Year 2020 (Oct'19-Sept'20)	Year 2021 (Oct'20-Sept'21)	Year 2022 (Oct'21-Sept'22)
General Charges (Rp'000/Ha)	6,000	6,420	6,243	8,759	9,037
Upkeep & Maintenance (Rp'000/Ha)	9,228	9,399	8,893	9,156	11,902
Harvesting, Collection & Transport (Rp'000/MT FFB)	188	209	208	231	309

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

Parameters Adopted in Valuation : We have adopted the Investment (Net Present Value, Discounted Cash Flow) Method to value the oil palm fields. Parameters adopted are as follows:

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3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)

Parameters Adopted in Valuation (cont'd) : Projected Yields

The projected Yields adopted is tabulated as follows:-

Year	Projected Yield (MT/Ha/Year)								
	Estate Maju Utara (EMU)			Estate Maju Central (EMC)			Estate Maju Selatan (EMS)		
	D08B/C	D09A/B	D10A/B/C	G08A/B	G09A/B/C	G10A/B/C/12	S08B/C	S09A/B	S10A/B, S13A
2023	28.5	27.5	25.0	28.5	28.5	25.0	28.5	29.0	24.5
2024	29.5	29.5	27.5	29.5	30.0	27.0	29.0	30.0	26.0
2025	29.5	31.0	28.0	29.5	31.0	28.0	30.0	30.5	27.0
2026	29.0	30.5	27.0	29.0	30.5	27.0	28.5	30.5	26.5
2027	28.0	28.5	26.5	28.0	28.5	26.5	27.5	28.5	26.0
2028	27.0	27.5	25.0	27.0	27.5	24.5	26.5	27.5	24.5
2029	25.5	26.5	24.0	25.5	26.5	23.5	25.0	26.5	23.5
2030	24.5	25.0	23.0	24.5	25.0	22.5	24.0	25.0	22.5
2031	23.0	24.0	22.0	23.0	24.0	21.5	23.0	24.0	21.5
2032	22.0	23.0	21.0	22.0	23.0	20.5	21.5	23.0	20.5
2033	-	21.5	20.0	-	21.5	19.5	-	21.5	19.5
2034	-	-	19.0	-	-	18.5	-	-	18.5

Other parameters specifically adopted for this valuation are as follows:-

Parameters	Details	
Production Cost	General Charges (Rp'000/Ha)	7,500 per Ha
	Field Upkeep (Rp'000/Ha)	9,348 per Ha
	Harvesting & Collection & Transport, FFB (Rp'000/MT)	265 per MT
Discount Rates	Capitalisation Rate	9.0%
	Deferring Basic Land Value	4.0%
Basic Land Value (Rp'000/Ha)	73,459 per ha	

Sale Comparables & Reconciliation of Values : Sale comparables are detailed under Section 2.1. Comparables (1) to (3) are located in Kalimantan, Indonesia, give a range of values of between Rp69,153,000 to Rp171,418,000 per hectare while Comparable (4) and (5) are located in Sabah, Malaysia, give a range of Rp207,785,000 and Rp256,665,000 per hectare. We have valued the subject property at about Rp225,640,000 per hectare on gross hectarage basis or over title area.

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3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)

Assessment : We assess the Market Value of the registered owner's interests of the Subject Property in the 15,942.60 hectares PT Maju Kalimantan Hadapan (PT MKH) Oil Palm Plantation held under HGU Sertipikat No : 16.03.21.09.2.00008 and free from encumbrances, at ***Rp3,597,400,000,000 (Indonesian Rupiah : Three Trillion Five Hundred Ninety Seven Billion And Four Hundred Million Only)*** equivalent to ***RM1,025,200,000.00 (Ringgit Malaysia : One Billion Twenty Five Million And Two Hundred Thousand Only*** (exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia).

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3.2 PT Sawit Prima Sakti Oil Palm Plantation
Situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia
[Our ref : WTWS/SC/MISC/092/(f)]

The description of the subject property is as follows_

Particulars of Title (Sertipikat Hak Guna Usaha (HGU) No.) :

Sertipikat No. (Title No.)	(1) 16.03.00.00.2.00138 (2) 16.03.00.00.2.00139
Provinsi (Province)	Kalimantan Timur
Kabupaten (County)	Kutai Kartanegara
Kecamatan (District)	Muara Kaman
Desa (Sub-District)	(1) Puan Cepak (2) Sedulang
Lamanya Hak Berlaku (Term)	35 years (Unexpired term 22½ years approximately for (1) & (2))
Berakhirnya Hak (Expiry)	25 March 2045
Pemegang Hak (Registered Owner)	**PT SAWIT PRIMA SAKTI**
Luas (Area)	(1) 1,699.76 hectares (2) 745.73 hectares ---------------------- 2,445.49 hectares ==============
Hipotik (Charge/Encumbrances)	Nil

Site : The 2,445.49 hectares land of PT Sawit Prima Sakti is held under two (2) Sertipikat Hak Guna Usaha (HGU).

It is situated approximately 50 km due north of Samarinda, the provincial capital of Provinsi Kalimantan Timur, and is adjoining west of PT MKH Oil Palm Plantation. The land is rather narrow and elongated shape measuring about 18 km along the western boundary and width between 0.7 km to 1.7 km with exception of the section resembling the 'axe head' measuring about 2.9 km along the northern boundary, and western boundary of about 8.9 km. The terrain is generally flat to gently undulating at elevation mainly between 7 to 20 m Above Mean Sea Level (AMSL).

The subject property has been developed and planted with oil palm. An infrastructure of roads, bunds, canal/drains and estate buildings had been established on the land.

The current state of development and cultivation of the plantation is tabulated as follows:-

Oil Palm Planted Area	1,996.38 hectares
Area Under Roads and Buildings	188.64 hectares
Enclave Area	77.67 hectares
Plasma Area	182.80 hectares
Total Title (HGU) Area	2,445.49 hectares

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

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3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)

Buildings : The estate buildings are generally of timber structure except for the worker quarters G1 and G2 which are reinforced concrete/brick and cement and paint coated. The buildings are either single storey or raised floor structures on low timber or concrete posts. The buildings are fitted with electrical wiring, water borne sanitation and plumbing.

Type of Buildings	Unit / Block
Workers Quarters G2	1
Workers Quarters G1	2
Workers Quarters G5	26
Workers Quarters G6	1
Workers Quarters G10	11
Longhouse Quarters	1
Security Post	1
Office	1
Fertilizer Store	8
Mosque	2
Waste Disposal Store	1
Generator House	1
Drinking Water Dispenser Building	1
Guard House	1
Toilet Block	5
Water Tower	1
Pond	1
Total	65

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

Road System : The Subject Property is served by a network of internal estate roads as follows:-

	Gravelled (Metre)	Earth (Metre)	Total (Metre)
Main Roads	12,997	46,124	59,121
Collection Roads	7,115	146,077	153,192
Total	20,112	192,201	212,313

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

Existing Use : The subject plantation has been planted with oil palms. A summary of the oil palm cultivation is as follows:-

Field	Land Use/ Crop Type	Year of Planting	Area (Ha)
S11B	Oil Palm	2008	17.98
S11A	Oil Palm	2011	288.86
S12A	Oil Palm	2012	294.57
S13A	Oil Palm	2013	149.54
S14A	Oil Palm	2014	380.22
S15A	Oil Palm	2015	276.25
S16A	Oil Palm	2016	371.12
S16A(P)	Oil Palm	2020	217.84

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3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)

Existing Use (cont'd) :

Field	Land Use/ Crop Type	Year of Planting	Area (Ha)
Total Oil Palms			1,996.38
Area Under Roads and Building Sites			188.64
Area Under Roads and Drains (Plasma)			17.08
Enclave/Unplanted Area			77.67
Plasma Area			165.72
Total Title Area (HGU Area)			**2,445.49**

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

The palms are all Dura x Pisifera (DxP) hybrids from seeds obtained from Lonsum, BSM (Benih Sawit Makmur), Topas and Dami Mas. The current stands, based on census were relatively high, averaging 134 palms per hectare with the exception of Fields S16A/S16A(P) which has rather low stand per hectare with some of the planted area vacant due to damage caused by flooding. The palms were growing well and under normal agricultural upkeep and maintenance.

Crop Production : The past years (2017-2022) FFB production and yield records for the plantation are tabulated below:

Block No	YOP	Area (HA)	2017		2018		2019		2020		2021		2022	
			MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA
S11B	2008	17.98	486.63	27.06	490.44	27.28	670.79	37.31	706.03	39.27	567.52	31.56	626.61	34.85
S11A	2011	288.86	6,181.50	21.40	6,615.11	22.90	8,131.31	28.15	7,162.48	24.80	5,530.94	19.15	6,286.74	21.76
S12A	2012	294.57	2,863.28	9.72	3,985.71	13.53	5,529.10	18.77	7,510.73	25.50	5,826.55	19.78	4,919.61	16.70
S13A	2013	149.54	939.84	6.28	1,986.51	13.28	3,301.75	22.08	3,718.65	24.87	2,513.64	16.81	2,345.96	15.69
S14A	2014	420.12	299.60	0.71	1,597.24	3.80	3,825.52	9.11	6,107.05	14.54	4,224.83	10.06	2,424.98	9.64
S15A	2015	318.82	-	-	286.17	0.90	756.52	2.37	3,254.06	10.21	3,147.89	15.21	3,104.79	15.01
S16A	2016	385.66	-	-	-	-	-	-	-	-	129.99	4.54	139.09	4.86
S16A(P)	2020	286.55	-	-	-	-	-	-	-	-	-	-	-	-
		2,162.10												

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

Production Cost : The actual production cost for financial year 2017-2022 are as follows:-

	Year 2017 (Oct'16-Sept'17)	Year 2018 (Oct'17-Sept'18)	Year 2019 (Oct'18-Sept'19)	Year 2020 (Oct'19-Sept'20)	Year 2021 (Oct'20-Sept'21)	Year 2022 (Oct'21-Sept'22)
General Charges (Rp'000/Ha)	6,439	6,728	6,434	4,714	5,211	4,182
Upkeep & Maintenance (Rp'000/Ha)	7,520	11,729	6,737	6,514	7,581	7,427
Harvesting, Collection & Transport (Rp'000/MT FFB)	260	222	196	185	294	380

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)

Parameters Adopted in Valuation : We have adopted the Investment (Net Present Value, Discounted Cash Flow) Method to value the oil palm fields. Parameters adopted are as follows:

Projected Yields

The projected Yields adopted is tabulated as follows:-

Projected Yield (MT/Ha/Year)								
Year	S11B	S11A	S12A	S13A	S14A	S15A	S16A	S16A(P)
2023	33.0	24.0	21.5	21.0	13.0	16.5	6.0	2.5
2024	32.0	26.0	24.5	24.0	17.0	18.5	9.5	6.0
2025	31.0	26.5	25.5	26.0	20.0	21.0	13.0	9.5
2026	29.5	27.5	26.5	26.5	22.0	22.0	15.0	11.0
2027	28.0	26.5	26.0	27.0	23.5	23.0	16.0	14.0
2028	27.0	26.0	25.0	26.0	24.0	24.5	18.0	15.5
2029	26.0	24.5	24.5	25.0	25.0	25.0	19.5	17.5
2030	24.5	23.5	23.5	24.5	24.0	25.0	20.0	19.0
2031	23.5	22.5	22.5	23.5	23.5	24.0	19.5	20.0
2032	22.0	21.5	21.5	22.5	22.0	23.5	18.5	21.0
2033	-	20.5	20.5	21.5	21.0	22.0	18.0	20.5
2034	-	19.5	19.5	20.5	20.5	21.0	17.0	20.0
2035	-	18.5	18.5	19.5	19.5	20.5	16.5	19.5
2036	-	-	17.5	18.5	18.5	19.5	16.0	18.5
2037	-	-	-	17.5	17.5	18.5	15.0	18.0
2038	-	-	-	-	17.0	17.5	14.5	17.0
2039	-	-	-	-	-	17.0	13.5	16.5
2040	-	-	-	-	-	-	13.0	16.0
2041	-	-	-	-	-	-	-	15.0
2042	-	-	-	-	-	-	-	14.5
2043	-	-	-	-	-	-	-	13.5
2044	-	-	-	-	-	-	-	13.0

Other parameters specifically adopted for this valuation are as follows:-

Parameters	Details	
Production Cost	General Charges (Rp'000/Ha)	5,500 per Ha
	Field Upkeep (Rp'000/Ha)	8,859 per Ha
	Harvesting & Collection & Transport, FFB (Rp'000/MT)	295 per MT
Discount Rates	Capitalisation Rate	9.0%
	Deferring Basic Land Value	4.0%
Basic Land Value (Rp'000/Ha)	76,800 per ha	

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3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)

Sale Comparables & Reconciliation of Values : Sale comparables are detailed under Section 2.1. Comparables (1) to (3) are located in Kalimantan, Indonesia, give a range of values of between Rp69,153,000 to Rp171,418,000 per hectare while Comparable (4) and (5) are located in Sabah, Malaysia, give a range of Rp207,785,000 and Rp256,665,000 per hectare. We have valued the subject property at about Rp149,870,000 per hectare on gross hectarage basis or over title area.

Assessment : We assess the Market Value of the registered owner's interests of the Subject Property in the 2,445.49 hectares PT Sawit Prima Sakti (PT SPS) Oil Palm Plantation held under HGUs Sertipikat No: 16.03.00.00.2.00138 and 16.03.00.00.2.00139, and free from encumbrances, at ***Rp366,510,000,000 (Indonesian Rupiah : Three Hundred Sixty Six Billion Five Hundred And Ten Million Only)*** equivalent to ***RM104,450,000.00 (Ringgit Malaysia : One Hundred And Four Million Four Hundred And Fifty Thousand Only*** (exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia).

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3.3 **(i) Pt Maju Kalimantan Hadapan Palm Oil Mill**
Situated in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, and
(ii) Pt Maju Kalimantan Hadapan Crude Palm Oil Bulking Station with Jetty
Situated In Desa Sebulu Ilir, Kecamatan Sebulu,
Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia
[Our Ref : WTWS/P&M/SC/414/(e)]

The description of the subject properties are as follows:-

(i) PT Maju Kalimantan Hadapan Palm Oil Mill

Description	Palm oil mill site, with buildings and civil works, and plant and machinery.
Location	Desa Puan Cepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur
Title No.	HGU 16.03.21.09.2.00008
Tenure	Term - 35 year expiring 12 September 2042 Unexpired - 19½ years
Registered Owner	***PT MAJU KALIMANTAN HADAPAN***
Area for Mill Site	Approximately 32.92 hectares within 15,942.6 hectares.
Hipotik (Charge/Encumbrances)	Charged to OCBC Al-Amin Bank Berhad Kuala Lumpur, Malaysia vide ref. 00264/2017
Date of Valuation	21 December 2022

(ii) PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty

Description	Site of CPO Bulking Station with buildings and civil works, and plant and machinery.		
Location	Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur		
Title Nos./ Field Identification Nos./ Area	(i) HGB 16.03.15.05.3.00006/ (ii) HP 16.03.15.05.4.00006/ (iii) HP 16.03.15.05.4.00007/ (iv) HP 16.03.15.05.4.00008/	NIB 16.03.15.05.00008/ NIB 16.03.15.05.00009/ NIB 16.03.15.05.00007/ NIB 16.03.15.05.00006/	1,028 m² 11,100 m² 14,930 m² 22,420 m²
Tenure	(i)	Term - 20 years expiring 29 December 2030 Unexpired - 8 years	
	(ii) - (iv)	Term - 20 years expiring 25 January 2031 Unexpired - 8 years	
Registered Owner	**PT MAJU KALIMANTAN HADAPAN**		
Encumbrances	Nil.		
Date of Valuation	21 December 2022		

<u>TERMS OF REFERENCE</u>

THE ABOVE VALUATIONS ARE ON THE FOLLOWING BASES AND ASSUMPTIONS:

1. **THE PLANT AND MACHINERY IS TO BE CONTINUED IN ITS PRESENT USE AS A GOING CONCERN.**
2. **THERE IS NO SPECIFIC RELATION TO EARNINGS OF THE PLANT AND MACHINERY.**
3. **THE PLANT AND MACHINERY ARE FREE FROM ENCUMBRANCES.** See Note
4. **THE INFORMATION FURNISHED TO US EITHER VERBALLY OR IN WRITING ARE DEEMED TO BE CORRECT AND ARE RELIED UPON BY US IN OUR VALUATION. WE RESERVE THE RIGHT TO REVIEW OUR VALUATION UPON AVAILABILITY OF NEW FACTS THAT MAY AFFECT MARKET VALUE.**

Note: The plant and machinery items are not subject to any hire purchase/leasing and third party interest claims.

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

BRIEF DESCRIPTION

(i) PT Maju Kalimantan Hadapan Palm Oil Mill

General : The PT MKH Palm Oil Mill was designed by Sinar Firus Sdn Bhd and constructed by MSHK Engineering Sdn Bhd, in accordance with Site Layout Plan bearing drawing no. KAM/EX/C/01A dated November 2012; Mill General Layout Plan bearing drawing no. KAM/C/01 dated April 2010; and Machinery Plan with drawing no. KAM/EX/M.1 dated November 2012. The Mill was completed in May 2012 and commissioned in June 2012, as single line of capacity of 60 metric tonnes FFB per hour (MT FFB/hr). The extension/installation works for upgrading palm oil mill into 90 MT FFB/hr by adding 2nd processing line has been commenced in August 2013 and commissioned in 11 July 2014. PT MKH Palm Oil Mill consists of the fenced-up mill site, the mill buildings and the plant and machinery therein, and the access road. The staff and worker quarters, effluent ponds and reservoir are outside the fenced-up mill site and located within Estate Maju Central I of PT MKH Plantations Estate.

Site : The mill site as fenced up has an area of approx. 7.0 hectares (17.3 acres). It is rectangular shaped with truncated trapezoid shaped at its south-eastern corner being surveyed to encompass the mill building, loading ramp, office, workshop, palm oil storage and other ancillary buildings. The site has been cut and levelled and fenced all round by 1.8 m high chain-link. The internal roads are concrete surfaced. The compound is otherwise turfed or concrete paved. The effluent ponds are located some 50 m to the west of the mill site comprises about 6.0 hectares (14.85 acres).

Buildings : The mill consists of mill building, FFB loading platform/ramp, general mill office/laboratory/weighbridge, workshop/store, water treatment plant pump house, ancillary buildings (oil despatch shed, lavatories, guard house, car parking sheds, canteen, effluent treatment plant/pump house, raw water pump house and weighbridge office) and other site improvements (effluent ponds, concrete drains and culverts, fencing and gate, hardstanding/reinforced concrete carriageway/gravelled road, external machinery foundation and water reservoir); while the mill housing comprises 1 unit manager bungalow, 1 block x 2 units executive quarters, 4 blocks x 5 units staff quarters, 4 blocks x 6 units staff quarters, 1 block x 8 units workers quarters, 6 blocks x 10 units workers quarters and 1 block x 12 units workers quarters.

These buildings are basically of steel portal/reinforced concrete framework, except some staff and workers quarters are of semi-permanent materials and, constructed of metal roof, plastered brickwall/metal deck cladding/opensided/timber/plywood/cement board and cement screed concrete floor.

3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

BRIEF DESCRIPTION (cont'd)

(i) PT Maju Kalimantan Hadapan Palm Oil Mill (cont'd)

Plant and Machinery : The mill has a present throughout capacity of 90 MT FFB/hr and actual production of about 70 MT FFB/hr. The mill now comprising 2 twin-cages indexer systems, 3 sterilizers, 2 tippers, 3 threshers, 6 heavy duty empty fruit bunch presses, 5 digesters, 5 twin screw presses, 2 depericarping lines, 7 ripple mills, 4 kernel silos, 3 CPO tanks, 2 boilers, 3 turbine generators and 3 diesel generators.

(ii) PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty

General : The PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty is a Tumkey Project by PT Cemerlang Samudra Kontrindo and built in accordance with Site Layout Plan, and Buildings and Machinery Plans bearing drawing nos. TTE028-CV-RS-001 and TTE028-CV-BR-001 as prepared by PT Trans Tek Engineering. It is located about 48 km to the south of PT MKH Palm Oil Mill, and consists of fenced up CPO bulking station with buildings, jetty, worker quarters, other site improvements and the plant and machinery therein.

Site : This fenced up site has a roughly inverted "curved teardrop" shape being surveyed to encompass the CPO storage tanks and other ancillary buildings. The site had been cut (44,964 m^3), earthfilled (40,689 m^3) and levelled, and fenced by about 1.8 m high chain-link (except the western boundary alongside Sg Mahakam). The internal roads are concrete surfaced and the compound is generally turfed.

Buildings : The buildings that constructed within the fenced up CPO Bulking Station are CPO receiving station, power house, kernel store, office cum weighbridge building, jetty, 1 blocks x 6 units staff quarters, 1 block x 10 units workers quarters and 2 blocks x 3 units worker quarters and other site improvements (guard houses, fencing and gate, hardstanding/reinforced concrete carriageway, concrete drains and water treatment plant shed).

These buildings are basically of steel portal/reinforced concrete framework, except the staff and labourer quarters and guard houses are constructed of semi-permanent materials, of metal roof, plastered brickwall/metal deck cladding/opensided/timber/plywood/ cement board, and cement screed concrete floor.

Plant and Machinery : This CPO Bulking Station consists of 1 weighbridge, 2 CPO tanks, 1 lot oil line, 1 package steam boiler and 1 diesel genset.

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

Comparable Sale Evidence Of Value

We are unable to trace transaction of palm oil mills in Indonesia. Nonetheless, we have made reference to the announcements made by CB Industrial Product Holding Berhad in Bursa Malaysia with their known development costs of palm oil mills in Indonesia as a check only, and they are tabulated as follows:-

Description	Comparable (1)		Comparable (2)	
Name Of Mill	PT CB Polaindo and PT Nabire Baru		PT Sanjung Makmur	
Location	Papua, Indonesia		North Kalimantan, Indonesia	
Contract Amount	RM48,576,796		RM44,747,089	
Contract Status	Contract entered on 24 April 2019		Contract entered on 07 February 2019	
Contract Details	To manufacture and supply one unit continuous sterilisation palm oil mill with processing capacity of 45 MT/hr of FFB, with details as follows:		To manufacture and supply one unit continuous sterilisation palm oil mill with processing capacity of 45 MT/hr of FFB, with details as follows:	
	Import portion by PalmitEco	RM21,259,500	Import portion	USD8,358,200 (equivalent to RM33,976,083)
	Local portion by PT CBP (a) To carry out installation, testing and commissioning of the mill.	IDR21,814,276,400 (equivalent to RM6,347,954)	Local portion	IDR37,141,400,000 (equivalent to RM10,771,006)
	(b) To carry out all earthwork, civil works and piling works including construction of foundations, support footings, structures, buildings, trenches forming at the site.	IDR72,059,595,000 (equivalent to RM20,969,342)	-	-
Date of Announcement	29 April 2019		13 February 2019	
Source	Bursa Malaysia		Bursa Malaysia	

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

Comparable Sale Evidence Of Value (Cont'd)

<table>
<tr><th>Description</th><th colspan="2">Comparable (3)</th><th colspan="2">Comparable (4)</th></tr>
<tr><td>Name Of Mill</td><td colspan="2">PT Kodeco Agrojaya Mandiri</td><td colspan="2">PT Pratama Palm Abadi</td></tr>
<tr><td>Location</td><td colspan="2">South Kalimantan, Indonesia</td><td colspan="2">South Sumatera, Indonesia</td></tr>
<tr><td>Contract Amount</td><td colspan="2">RM86,956,566</td><td colspan="2">RM61,429,360</td></tr>
<tr><td>Contract Status</td><td colspan="2">Letter of Awards (LOA) received.</td><td colspan="2">Contract entered on 20 December 2017</td></tr>
<tr><td rowspan="4">Contract Details</td><td colspan="2">To manufacture and supply one unit conventional palm oil mill with processing capacity of 60 MT/hr of FFB, one unit kernel crushing plant with capacity of 200 ton/day and one unit 1,600 KW biogas power generator plant, with details as follows:</td><td colspan="2">To manufacture and supply one unit continuous sterilisation palm oil mill with processing capacity of 60/80 T/hr of FFB, with details as follows:</td></tr>
<tr><td>To design, fabricate, supply, deliver, construct, install, complete, test, commission, maintain and guarantee of one unit conventional palm oil mill.
(LOA received 13 November 2018)</td><td><u>Import portion</u>
USD8,920,162 (equivalent to RM36,260,459)

<u>Local portion</u>
IDR66,549,667,200 (equivalent to RM19,299,403)</td><td rowspan="2">To design, manufacture, supply, install, test, commission, and performance guarantee of one unit continuous sterilisation palm oil mill.</td><td><u>Import portion</u>
USD9,627,300 (equivalent to RM39,471,930)</td></tr>
<tr><td>To design, fabricate, supply, deliver, construct, install, complete, test, commission, maintain and guarantee one unit kernel crushing plant with capacity of 200 ton/day.
(LOA received 20 November 2018)</td><td><u>Import portion</u>
USD1,885,449 (equivalent to RM7,664,350)

<u>Local portion</u>
IDR22,849,533,000 (equivalent to RM6,626,365)</td><td><u>Local portion</u>
IDR73,682,640,000 (equivalent to RM21,957,430)</td></tr>
<tr><td>To design, fabricate, supply, deliver, construct, install, complete, test, commission, maintain and guarantee one unit biogas power generator plant.
(LOA received 20 November 2018)</td><td><u>Import portion</u>
USD2,648,750 (equivalent to RM10,767,169)

<u>Local portion</u>
IDR21,858,000,000 (equivalent to RM6,338,820)</td><td></td><td></td></tr>
<tr><td>Date of Announcement</td><td colspan="2">13 February 2019</td><td colspan="2">04 January 2018</td></tr>
<tr><td>Source</td><td colspan="2">Bursa Malaysia</td><td colspan="2">Bursa Malaysia</td></tr>
</table>

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

Comparable Sale/Evidence Of Value (cont'd)

For the palm oil mill site, we have considered the followings:-

(i) Other palm oil mill sites are usually reserves set aside, unplanted, when the estate was first developed with the site costing at least the unimproved land value. In some cases, part or whole of the site has to be derived from clear felling an already planted area within the estate. The palm oil mill is within the PT MKH oil palm plantation, and is similar as the unimproved land value of the PT MKH oil palm plantation.

(ii) The costs of site levelling on the mill site, especially on the fenced-up palm oil mill main buildings site, for FFB Reception Station, Main Process Building and Sterilizer Building. This does not include the costs of excavating effluent ponds and reservoir which are separately included under costs of buildings and civil works.

Assessment - *PT Maju Kalimantan Hadapan Palm Oil Mill*

We are pleased to report that in our opinion, the Market Value of the mill site, buildings and plant and machinery of PT Maju Kalimantan Hadapan Palm Oil Mill held under part of HGU Sertipikat No. 16.03.21.09.2.00008, Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia, and free from encumbrances, is as follows:-

(A) Site Value

Based on the Letter of Acceptance of Tender dated 11 February 2010, the site preparation/levelling comprises the following:

Description	Awarded Cost
Preliminary Works	Rp 9,693,053 per hectare
Earth Cutting	Rp20,967,425 per hectare
Backfilling/Compaction	Rp 2,360,140 per hectare
Total	Rp33,020,618 per hectare

Thus, we adopted the rate of Rp35,000,000 per hectare, which in our opinion is in line with the current market, and the site value is assessed as follows:

Description	Market Value (Rp)
Mill Site (32.92 hectares)	
Unimproved Land Value @ Rp50,000,000 per hectare	1,650,000,000
Site Preparation/Levelling @ Rp35,000,000 per hectare	1,150,000,000
Total of (A) Site, say	***2,800,000,000***

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

Assessment - ***PT Maju Kalimantan Hadapan Palm Oil Mill (cont'd)***

(B) Buildings Value

In determining the gross current replacement cost, references is made to the cost of construction of other mills buildings. We have also cross checked with the relevant contractors and professionals pertaining to the cost of site/earthwork preparation, site improvements and mill buildings. The building replacement cost is inclusive of professional consultation fees, finance costs and developer's profit. Therefore, the rate adopted for building value is in line with the market.

We estimate the buildings life span to be 50 years generally, and adopting a depreciation rate of 2% per year, on reducing balance of 2% to 22%, according to age of respective buildings, as follows:-

		Buildings	Age (Years)	Building Area (m²)	Building Replacement Cost (Rp/m²)	Accumulated Depreciation	Building Value after Depreciation, say, (Rp)
B1	Main Mill Building		9 to 11	9,056	3,500,000	20%	25,406,000,000
B2	FFB Loading Platforms/Ramps		11		6,360,000,000	20%	5,095,000,000
B3	General Mill Office cum Laboratory Building		11	408	4,500,000	20%	1,471,000,000
B4	Workshop/Store Building		11	576	3,500,000	20%	1,614,000,000
B5	Water Treatment Plant Pump Building		11	45	3,200,000	20%	115,000,000
B6	(i)	Oil Despatch Shed	11	112	1,800,000	20%	162,000,000
	(ii)	Lavatories/Toilets	11	24	3,500,000	20%	67,000,000
	(iii)	Guard House	11	13	3,000,000	20%	32,000,000
	(iv)	Car Parking Sheds	11	180	1,500,000	20%	216,000,000
	(v)	Canteen	11	260	3,200,000	20%	664,000,000
	(vi)	Effluent Treatment Plant/Pump House	11	11	3,200,000	20%	28,000,000
	(vii)	Raw Water Pump House	11	16	3,200,000	20%	28,000,000
	(viii)	Weighbridge Office	9	16	3,200,000	20%	42,000,000
B7	Other Site Improvements		9 to 11		17,126,000,000	11%	15,231,000,000
B8	1 Unit Manager Bungalow		11	166	4,000,000	20%	536,000,000
B9	1 Block x 2 Units Executive Quarters		11	234	3,500,000	20%	657,000,000
B10	4 Blocks x 5 Units Staff Quarters		3 to 6	3 x 225	790,000	9%	484,000,000
			1	225	1,060,000	2%	234,000,000
B11	4 Blocks x 6 Units Staff Quarters		12	1 x 360	400,000	22%	114,000,000
			9	2 x 370	400,000	17%	247,000,000
			5	1 x 270	790,000	10%	193,000,000
B12	1 Block x 8 Units Workers Quarters		10	1 x 288	790,000	18%	186,000,000
B13	6 Blocks x 10 Units Workers Quarters		12	1 x 600	400,000	22%	188,000,000
			9	3 x 380	400,000	17%	380,000,000
			6	2 x 380	790,000	11%	531,000,000
B14	1 Block x 12 Units Workers Quarters		10	1 x 432	790,000	18%	279,000,000
Total							***54,200,000,000***

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (B) Buildings is ***Rp54,200,000,000.***

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

Assessment - *PT Maju Kalimantan Hadapan Palm Oil Mill (cont'd)*

(C) Plant and Machinery Value

The gross current replacement cost is based on the asset listings, which is based on the purchase records of the machinery, with due adjustments made to reflect the current set up as at the date of inspection and inclusive of profits and financial elements, from our analysis of the construction and development cost of other oil mills and also cross checking with relevant contractors and professionals. We are valuing the plant & machinery as a going concern i.e. as a whole use and actively in operation at its working place. Therefore the cost of removal or displacements and related issues such as time limit arising from the removal of the equipment into another site is not considered and relevant. Through our experience and record, the life span could be from 15 to 30 years depending upon the state of upkeep and maintenance of that particular plant & machinery. Therefore, the replacement cost adopted for plant and machinery is in line with the market.

We adopt a depreciation rate of 3% per year on reducing balance, with the actual accumulated depreciation of 3% to 28%, according to age of respective item, as follows:-

Item No.	Description	Age (Years)	Replacement Cost (Rp)	Accumulated Depreciation	Market Value (Rp)
(C1)	Fruit Reception Station	1 to 11	39,749,000,000	22%	30,943,000,000
(C2)	Sterilizing Station	3 to 11	11,734,000,000	23%	8,699,000,000
(C3)	Threshing Station	2 to 11	18,090,000,000	23%	13,843,000,000
(C4)	Pressing Station	1 to 11	11,331,000,000	22%	8,798,000,000
(C5)	Depericarping Station	3 to 11	5,873,000,000	25%	4,378,000,000
(C6)	Nut and Kernel Station	1 to 11	11,137,000,000	25%	8,299,000,000
(C7)	Boiler Station	1 to 11	33,695,000,000	23%	25,868,000,000
(C8)	Engine Room	2 to 11	19,641,000,000	15%	16,736,000,000
(C9)	Clarification Station	3 to 11	16,528,000,000	22%	12,896,000,000
(C10)	Palm Oil Storage and Transfer	9 to 11	7,270,000,000	27%	5,304,000,000
(C11)	Steam Oil and Water Piping	9 to 11	9,567,000,000	27%	7,023,000,000
(C12)	Electrical Works	9 to 11	14,739,000,000	27%	10,773,000,000
(C13)	Water Supply Works	3 to 11	6,441,000,000	19%	5,063,000,000
(C14)	Laboratory and Workshop Equipment	2 to 11	1,222,000,000	20%	977,000,000
Total for (C) Plant and Machinery					***159,600,000,000***

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (C) Plant and Machinery is ***Rp159,600,000,000.***

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

Assessment - *PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty*

The Market Value of the site, buildings and plant and machinery of PT Maju Kalimantan Hadapan CPO Bulking Station With Jetty held under *Hak Guna Bangunan* (HGB) No. 16.03.15.05.3.00006 and *Hak Pakai* (HP) Nos. 16.03.15.05.4.00006-00008, Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia, and free from encumbrances, is as follows:-

(A) Site Value

There are no records of transactions of properties made available to public in Indonesia. Based on the market survey by KJPP RHR nearby subject site area, the prices of vacant/undeveloped land (with area of 250 m² to 70,000 m²) in this Sg Mahakam area range from Rp86,000 per m² to Rp112,000,000 per m². These lands are still under Land Information Letter (Girik/Surat Keterangan Tanah) which would require time, effort, expenses until obtaining a Legal title document (Sertifikat HGU, HGB, or HP). After suitable adjustments made for title, size and planning approval, the adjusted land values range from Rp120,000 to Rp141,429 per m², and the value adopted for subject site is Rp120,000 per m², equivalent to Rp1,200,000,000 per hectare.

Based on the Letter of Award dated 04 July 2011, the contracted sum of earth works is Rp2,398,350,000, for earth cutting works (44,964 cubic meter) and earth filling works (40,689 cubic meter), which is equivalent to Rp484,730,000 per hectare. Thus, we adopted the rate of Rp540,000,000 per hectare, which in our opinion is in line with the current market, and the site value is assess as follows:-

Description	Market Value (Rp)
Site (4.95 hectares)	
Undeveloped Site @ Rp1,200,000,000 per hectare	5,940,000,000
Site Preparation/Levelling @ Rp540,000,000 per hectare, say	2,670,000,000
Total of (A) Site	***8,610,000,000***

(B) Buildings Value

On the above basis, we adopt a depreciation rate of 2% per year on reducing balance, with the actual accumulated depreciation of 2% to 20% for each building, according to age of respective buildings, as follows:-

	Buildings	Age **(Years)**	**Building Area (m²)**	Building Replacement Cost (Rp/m²)	Accumulated Depreciation	Building Value after Depreciation, say (Rp)
B1	CPO Receiving Station	11	360	4,000,000	20%	1,153,000,000
B2	Power House	11	60	4,000,000	20%	192,000,000
B3	Kernel Store	11	756	4,000,000	20%	2,421,000,000
B4	Office Cum Weighbridge Building	11	88	5,500,000	20%	388,000,000
B5	1 Block x 6 Units Staff Quarters	11	1 x 312	400,000	20%	100,000,000
	1 Block x 10 Units Workers Quarters	7	1 x 380	790,000	13%	260,000,000
	2 Blocks x 3 Units Workers Quarters	1	2 x 135	1,150,000	2%	305,000,000
B6	Jetty	11		8,050,000,000	20%	6,446,000,000
B7	Other Site Improvements	8 to 11		1,657,000,000	20%	1,330,000,000
Total						***12,595,000,000***

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (B) Buildings is ***Rp12,595,000,000.***

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3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)

Assessment - *PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty (cont'd)*

(C) Plant and Machinery Value

On the above basis, we adopt a depreciation rate of 3% per year on reducing balance, with the actual accumulated depreciation of 3% to 28%, according to age of respective item, as follows:-

Item No.	Description	Age (Years)	Replacement Cost (Rp)	Accumulated Depreciation	Market Value (Rp)
(C1)	CPO Receiving And Storage Station	1 to 11	15,673,000,000	27%	11,427,000,000
(C2)	Boiler System	11	3,421,000,000	28%	2,448,000,000
(C3)	Electrical Works	11	4,356,000,000	28%	3,116,000,000
(C4)	Laboratory Equipment	7 to 10	66,00,000	25%	49,000,000
Total for (C) Plant and Machinery					***17,040,000,000***

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (C) Plant and Machinery is ***Rp17,040,000,000.***

Summary of Market Value

The valuation of subject properties are tabulated as follows:-

(I) PT Maju Kalimantan Hadapan Palm Oil Mill	
Description	Market Value
Land (32.92 Hectares)	Rp 2,800,000,000
Buildings	Rp 54,200,000,000
Plant and Machinery	Rp159,600,000,000
Total	***Rp216,600,000,000***

[equivalent to ***RM61,730,000.00 (Ringgit Malaysia: Sixty One Million Seven Hundred And Thirty Thousand Only)*** (Exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

(II) PT Maju Kalimantan Hadapan Crude Palm Oil Bulking Station with Jetty	
Description	Market Value
Land (4.95 Hectares)	Rp 8,610,000,000
Buildings	Rp12,595,000,000
Plant and Machinery	Rp17,040,000,000
Total	***Rp38,245,000,000***

[equivalent to ***RM10,900,000.00 (Ringgit Malaysia: Ten Million And Nine Hundred Thousand Only)*** (Exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

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16. STATUTORY AND OTHER INFORMATION

16.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.

(b) No Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries, and there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save for the new Shares issued as disclosed in Section 6.2 and to be issued for our Public Issue as disclosed in Section 4.3.1, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

16.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

16.2.1 PT MKH

PT MKH's issued share capital as at LPD is IDR243,860,000,000 comprising 487,720 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			IDR
25 October 2005	500	IDR250,000,000/ Subscribers' shares	250,000,000
6 November 2007	27,500	IDR13,750,000,000/ Cash	14,000,000,000
19 June 2009	26,000	IDR13,000,000,000/ Cash	27,000,000,000
18 June 2015	380	IDR190,000,000/ Cash	27,190,000,000
8 February 2018	184,140	IDR92,070,000,000/ Cash	119,260,000,000
13 August 2018	249,200	IDR124,600,000,000/ Cash	243,860,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in PT MKH. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.2 PT SPS

PT SPS's issued share capital as at LPD is IDR9,300,000,000 comprising 9,300 ordinary shares with a nominal value per share of IDR1,000,000. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			IDR
30 March 2005	1,000	IDR1,000,000,000/ Subscribers' shares	1,000,000,000
22 December 2008	8,300	IDR8,300,000,000/ Cash	9,300,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in PT SPS. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.3 Hala Maju

Hala Maju's issued share capital as at LPD is RM1.00 comprising 1 ordinary share with a nominal value per share of RM1.00. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
1 November 2023	1	RM1/ Subscriber's share	1

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Hala Maju. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

16.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 25 and 26 – Variation of Rights

"If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of not less than 75% of the total issued voting rights of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class. To every such separate General Meeting, the provisions of these Clauses relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be 2 persons at least 1/3 of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply."

"The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects pari passu therewith."

Clause 7 – Issue of Securities

"Subject to the Act and these Clauses and to the provisions of any resolution of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time, on such terms and conditions, with such preferred, deferred or other special rights as they think proper, PROVIDED ALWAYS that:

(a) no shares shall be issued which shall have the effect of transferring a controlling interest, in the Company, without the prior approval of the Members in General Meeting;

(b) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Clauses and in the resolution creating the same;

(c) every issue of shares or options to employees and/or Directors shall be approved by the Members in General Meeting and such approval shall specifically detail the amount of shares or options to be issued to such Director;

(d) the rights attaching to share of a class other than ordinary shares shall be set out in these Clauses or expressed in the resolution creating the same; and

(e) the Company must ensure that all new issues of Securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such Securities save and except where it is specifically exempted from compliance with Section 38 of the Depositories Act, in which event it shall so similarly be exempted from compliance with these requirements. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees.

    However, the Company must not cause or authorise the Registrar of the Company to cause the Securities Accounts of the allottees to be credited with the additional shares of the Company until after it has filed with the Exchange an application for admission of such additional shares and been notified by the Exchange that they have been authorised for listing.

    The share certificates shall be registered in the name of the Depository by the Company for the purpose of crediting such Securities to the Securities Account of the allottees."

Clause 73(1) and (2), and 66 – Alteration of Capital

"(1) The Company may from time to time by ordinary resolution to:

(a) proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived;

(b) sub-divide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or

(c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of the Company's share capital by the amount of the shares so cancelled."

"(2) The Company may reduce its share capital in accordance with the provisions of the Act."

"Subject always to the compliance with the provisions of the Act, the Listing Requirements and all other applicable laws and the requirements of the Exchange for the time being in force, the Company may, with the sanction of the Shareholders in a General Meeting, purchase its own shares upon and subject to such terms and conditions as the Directors may, in their discretion deem fit, provided that the aggregate number of shares to be acquired does not exceed 10% of the issued share capital of the Company, for the time being unless prior approval of the Exchange has been obtained:

(i) Where the Company has purchased its own shares in the manner as aforesaid, the Directors may, if the applicable laws for the time being in force so allow:

(a) cancel the shares so purchased;

(b) retain the shares so purchased in treasury as treasury shares;

(c) retain part of the shares so purchased as treasury shares and cancel the remainder; or

(d) deal with the shares so purchased in a manner as may from time to time be prescribed and allowed by law.

(ii) Where the shares so purchased or any part thereof is retained as treasury shares, the Directors may at any time subject to the provisions of all applicable laws for the time being in force:

(a) distribute the treasury shares as dividends to the Members in a manner as may be allowed by law retain the shares so purchased in treasury as treasury shares;

(b) resell the treasury shares on the Exchange in accordance with the relevant rules of the Exchange; or

(c) deal with the treasury shares in a manner as may from time to time be prescribed and allowed by law.

The rights attached to shares held as treasury shares shall be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes."

16.3.2 Borrowing and voting powers of the Directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 126(1) – Borrowing, mortgage and issuance of debentures

"The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company or its related companies, PROVIDED ALWAYS that nothing contained in these Clauses shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of an unrelated third party."

Clause 147 and 146 – Directors' Interest in Contracts and Disclosure of Interest

"No Director may vote in respect of any other contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other Securities in that other company."

"Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company."

Clause 141 – Voting at Board Meetings and Casting Vote

"A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions by or under these Clauses vested in or exercisable by the Directors generally. Subject to these Clauses, questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote except where only 2 Directors form a quorum and where only 2 Directors are competent to vote on the question at issue in which event the Chairman of a meeting shall not have a casting vote."

16.3.3 Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 120 – Remuneration of Directors

"The fees and benefits of the Directors shall be such fixed sum as shall annually be determined by an ordinary resolution of the Company at a General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, PROVIDED ALWAYS that :

(a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(b) salaries payable to executive Directors may not include a commission on or percentage of turnover;

(c) fees and benefits payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting; and

(d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter."

Clause 121 – Expenses

(a) The Directors shall be entitled to be reimbursed for all traveling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors;

(b) If by arrangement with the other Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, in particular without limiting to the generality of the foregoing, if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged PROVIDED ALWAYS that the extra remuneration payable to :

   (i) a non-executive Director shall not be by way of commission on or percentage of profits or turnover; and

   (ii) an executive Director shall not include a commission on or percentage of turnover.

16.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Clause 49 - Transfer of Securities

"The transfer of any Deposited Securities or class of Deposited Securities of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities."

Clause 57 - Renunciation

"Nothing in these Clauses shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person."

Clause 55 – Suspension of the Registration of Transfer

"The Company may require the Depository to suspend the registration of transfers at such time and for such period as the Directors may from time to time determine, PROVIDED ALWAYS that such registration shall not be suspended for more than 30 days in any year or such number of days as may be prescribed by the Exchange. At least 10 Market Days or such number of days as may be prescribed by the Exchange, notice of such closure shall be given to the Exchange stating the period and the purpose or purposes of such closure and the address of the share registry at which documents will be accepted for registration shall be published in a nationally circulated Bahasa Malaysia or English daily newspaper and shall also be given to the Exchange. At least 3 Market Days prior notice shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors, provided that where the Record of Depositors is required in respect of corporate actions, at least 7 Market Days prior notice shall be given to the Depository."

16.4 POLICIES ON FOREIGN INVESTMENTS, TAXATION AND FOREIGN EXCHANGE CONTROLS

The relevant governmental laws, decrees, regulations, legislations and/or other requirements in Indonesia in relation to the repatriation of capital and the remittance of profit by or to our Group are set out below.

(a) Exchange control

Law No. 25 of 2007 on Investment, as amended by Law No. 6 of 2023 on Ratification of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as a Law ("**Investment Law"**) only permits foreign direct investment in Indonesia by establishing an Indonesian limited liability company.

Under the Investment Law, our subsidiaries, namely PT MKH and PT SPS, may repatriate its investment to our Company in the form of:

(i) capital;

(ii) profits, bank interest, dividends, and other income;

(iii) funds required to:

(aa) purchasing raw and auxiliary materials, half-finished goods or finished goods; or

(bb) replacing capital goods to protect the viability of the investment;

(iv) additional funds required for investment financing i.e. funds for repayment of loans;

(v) royalties or fees payable;

(vi) income of individual foreign citizens working in the investment company;

(vii) proceeds from the sales or liquidation of an investment;

(viii) compensation for losses;

(ix) compensation for acquisitions;

(x) payments made in connection with technical assistance, fees payable for technical and management services, payments made under the project contract, and payment of intellectual property rights; and

(xi) proceeds of sales of assets.

There are no foreign exchange controls in Indonesia save for the physical inflow or outflow of IDR into and out of the country where remittances flowing out of Indonesia require the provision of certain reports to Central Bank of Indonesia. Central Bank of Indonesia also requires that any export and offshore borrowing proceeds (in foreign currency) to be drawn down through domestic banks appointed by Central Bank of Indonesia licensed as a foreign exchange bank, and subsequently reported to Central Bank of Indonesia. For the purposes of repatriation or transfer of money by our subsidiaries to our Company, the IDR can be converted into any currency. Further, under the Indonesian Company Law, every change of company's capital shall be reported to the Ministry of Laws and Human Rights of Indonesia.

The laws of Indonesia specifically provide that these repatriation rights do not prejudice the government's rights to require reports on the implementation of repatriation activities and compliance with related taxation/royalties regulations. In addition, the repatriation rights do not prejudice the implementation of any law that gives protection to creditors' rights or laws to avoid losses to the government.

(b) Dividend distribution

A dividend distribution in Indonesia is specified in Law No. 40 of 2007 on Limited Liability Companies as amended by Law No. 6 of 2023 on Ratification of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as a Law. It is stated that the company should allocate 20% (twenty percent) of the company net profit in its each accounting year as a reserved fund, and the company is obliged to distribute all net earnings after deduction for the reserved fund to the shareholders as a dividend unless any other agreements are provided in the General Meeting of Shareholders.

The dividends amount that the shareholders received are in proportion of the shares that the shareholders hold. Also, a dividend can only be distributed to shareholders if the company has a positive bank balance. Dividends that have not been distributed will be placed in a separate reserve and the undistributed dividend amounts will be stated in General Meeting of Shareholders.

(c) Withholding tax

Dividend payments will be subject to a withholding tax according to the prevailing Double Tax Agreement between Indonesia and Malaysia. PT MKH and PT SPS have the obligation to withhold the tax of dividends distribution and pay to the tax authority. As at LPD, the applicable withholding tax rate is 10.0% on the premise that MKHOP is a listed entity.

Premised on the above, our Company has the right to repatriate the capital and remit the profits from PT MKH and PT SPS where the repatriation and remittance shall be undertaken in accordance with the prevailing Indonesian laws and regulations, as follows:

(i) the repatriation of capital shall be reported to the Central Bank of Indonesia and any change in the company's capital shall be reported to the Ministry of Laws and Human Rights as stated in (a) above;

(ii) the amount for remittance of profits shall be in accordance with the laws of Indonesia specifying the dividend distribution as stated in (b) above; and

(iii) after completion of our Listing, the applicable withholding tax rate is 10.0% on the premise that our Company is a listed entity as stated in (c) above.

16.5 GENERAL INFORMATION

(a) Save for the remuneration paid as disclosed in Section 5.2.5, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.

(b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 17.

(d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

16.6 CONSENTS

(a) The written consents of our Adviser, Managing Underwriter, Joint Underwriters, Joint Placement Agents, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined statements of financial position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn; and

(d) The written consent of our Independent Valuer for the inclusion in this Prospectus of its name and the valuation certificates in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

16.7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) Constitution of our Company;

(b) Audited financial statements of:

   (i) our Company for FYE 2020 to 2023; and

   (ii) PT MKH and PT SPS for FYE 2020 to 2023;

(c) Accountants' Report as set out in Section 13;

(d) Reporting Accountants' Report relating to our pro forma combined statements of financial position as set out in Section 14;

(e) IMR Report as set out in Section 8;

(f) Material contracts as set out in Section 6.5;

(g) Letters of consent as set out in Section 16.6; and

(h) Valuation certificates as set out in Section 15 and the valuation reports.

16.8 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

17.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 29 March 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 16 April 2024

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

17.2 METHODS OF APPLICATIONS

17.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

17.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Joint Placement Agents will contact the selected investors directly. They should follow the Joint Placement Agents' instructions

Selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

17.3 ELIGIBILITY

17.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Application.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

17.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

  (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

  (ii) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

  (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

  (i) White Application Form;

  (ii) Electronic Share Application; or

  (iii) Internet Share Application.

17.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.62 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 752"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

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

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 16 April 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

17.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

17.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

17.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

  (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (ii) are illegible, incomplete or inaccurate; or

  (iii) are accompanied by an improperly drawn up or improper form of remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 17.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

17.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at https://tiih.online within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 1,000 public shareholders, each holding not less than 100 Shares upon our admission to the Main Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the Main Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our IPO Shares by the Malaysian Public, subject to the underwriting arrangements and reallocation as set out in Section 4.3.2, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Underwriting Agreement.

17.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

17.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

(d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

17.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

17.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS Account.

(b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and Depository Rules.

(d) In accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

17.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	**Parties to direct the enquiries**
Application Form	Issuing House Enquiry Services at telephone no. +603-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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