10. RELATED PARTY TRANSACTIONS

10.1 OUR RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, a "related party transaction" is a transaction entered into by a listed corporation or its subsidiaries that involves the interest, direct or indirect, of a related party. This excludes a transaction entered into between a listed corporation (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary. A "related party" of a listed corporation is:

(i) a director, having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company;

(ii) a major shareholder including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiary or holding company, having an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares is:

  (a) 10% or more of the total number of voting shares in the corporation; or

  (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or

(iii) a person connected with such director or major shareholder.

[The rest of this page is intentionally left blank]

10. RELATED PARTY TRANSACTIONS (CONT'D)

Save as disclosed below, there is no other material related party transaction entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, our Substantial Shareholders and persons connected with them during the Financial Years Under Review and up to the LPD:

			Transaction value				
Transacting parties	**Nature of relationship**	**Nature of transaction**	**FYE 2020 (RM'000)**	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**	**1 January 2024 up to the LPD (RM'000)**
JPG and the following parties: • Kulim; • Sindora; • Selai; • UTMC; • Kumpulan Bertam; and • EPA Management	JCorp, who is our Promoter and Substantial Shareholder, is also the holding company of Kulim, Sindora, Selai, UTMC, Kumpulan Bertam and EPA Management	Pre-Listing Restructuring, details of which are set out in Section 6.1.4 of this Prospectus. The transaction value represents the total purchase consideration paid by us for the acquisition of Kulim's plantation business under the Pre-Listing Restructuring, excluding the acquisition from our wholly-owned subsidiary, UMAC (This is a one-off transaction pursuant to our Group's internal reorganisation for our Listing)	-	-	1,292,931 (Represents 65.4% of our Group's NA as at 31 December 2022)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	1 January 2024 up to the LPD (RM'000)
JPG and Kulim	Kulim is our Promoter and Substantial Shareholder	Assignment of banking facilities by JPG (assignor) to Kulim (assignee). (This is a one-off transaction as a consequence of the Pre-Listing Restructuring for banking facilities which were intended to be retained in Kulim)	-	-	101,200 (Represents 5.1% of our Group's NA as at 31 December 2022)	-	-
JPG and the following parties: • JCorp; and • Johor Franchise Development	JCorp, who is our Promoter and Substantial Shareholder, is also the holding company of Johor Franchise Development	(i) Purchase of FFB by JPG from JCorp and Johor Franchise Development[(1)]	49,986 (Represents 6.8% of our Group's cost of sales for the FYE 2020)	-	-	-	-
		(ii) Provision of agency, planting advisory and agronomy services by JPG to JCorp and Johor Franchise Development[(2)]	1,755 (Represents 7.4% of our Group's other income for the FYE 2020)	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

			Transaction value				
Transacting parties	**Nature of relationship**	**Nature of transaction**	**FYE 2020 (RM'000)**	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**	**1 January 2024 up to the LPD (RM'000)**
JPG and JCorp	JCorp is our Promoter and Substantial Shareholder	(i) Rental of the Malay Reserved Estates) by JPG (tenant) from JCorp (landlord) (This transaction is recurrent in nature and will subsist after our Listing)	3,203 (Represents 0.4% of our Group's cost of sales for the FYE 2020)	6,407 (Represents 0.7% of our Group's cost of sales for the FYE 2021)	6,407 (Represents 0.7% of our Group's cost of sales for the FYE 2022)	6,407 (Represents 0.7% of our Group's cost of sales for the FYE 2023)	2,669
		(ii) Rental of the Kuala Kabong Estate[3] by JPG (tenant) from JCorp (landlord) (This transaction is recurrent in nature and will subsist after our Listing)	-	-	47 (Represents less than 0.1% of our Group's cost of sales for the FYE 2022)	560 (Represents 0.1% of our Group's cost of sales for the FYE 2023)	233
JPG, Kulim and Johor Land	Kulim is our Promoter and Substantial Shareholder. JCorp, who is our Promoter and Substantial Shareholder is also the holding company of Johor Land and Kulim	(i) Rental of 229 Ha of REM Estate by JPG (tenant) from Johor Land (landlord)[4] (This transaction is recurrent in nature and will subsist after our Listing)	-	-	50 (Represents less than 0.1% of our Group's cost of sales for the FYE 2022)	592 (Represents 0.1% of our Group's cost of sales for the FYE 2023)	212

Transacting parties	Nature of relationship	Nature of transaction	Transaction value FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	1 January 2024 up to the LPD (RM'000)
		(ii) Rental of 175 Ha of REM Estate by JPG (tenant) from Kulim (landlord)[(5)] (This transaction is recurrent in nature and will subsist after our Listing)	-	-	43 (Represents less than 0.1% of our Group's cost of sales for the FYE 2022)	521 (Represents 0.1% of our Group's cost of sales for the FYE 2023)	217
JPG and Ayamas	Ayamas is a wholly-owned subsidiary of QSR Brands (M) Holdings Bhd, a 56%-owned subsidiary of JCorp, who is our Promoter and Substantial Shareholder	Sale of CPO by JPG to Ayamas as ingredients for broiler feeds (This transaction is recurrent in nature and will subsist after our Listing)	10,360 (Represents 1.0% of our Group's revenue for the FYE 2020)	9,727 (Represents 0.6% of our Group's revenue for the FYE 2021)	5,937 (Represents 0.3% of our Group's revenue for the FYE 2022)	2,401 (Represents 0.2% of our Group's revenue for the FYE 2023)	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

			Transaction value				
Transacting parties	**Nature of relationship**	**Nature of transaction**	**FYE 2020 (RM'000)**	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**	**1 January 2024 up to the LPD (RM'000)**
JPG Jenterra, JPG Planterra and JPG Terrasolutions with the following parties: • JCorp; • Johor Franchise Development; • Johor Land; • KPJ; and • Damansara Assets	JCorp, who is our Substantial Shareholder, is also the holding company of Johor Franchise Development, Johor Land, KPJ and Damansara Assets	Provisions of trading and support services by our Group to JCorp, Johor Franchise Development, Johor Land, KPJ and Damansara Assets[(6)] (This transaction is recurrent in nature and will subsist after our Listing)	1,358 (Represents 0.1% of our Group's revenue for the FYE 2020)	1,305 (Represents 0.1% of our Group's revenue for the FYE 2021)	1,033 (Represents 0.1% of our Group's revenue for the FYE 2022)	1,134 (Represents 0.1% of our Group's revenue for the FYE 2023)	266
JPG Group and JCorp	JCorp is our Promoter and Substantial Shareholder	Provision of administrative and secretarial services by JCorp to our Group (This transaction was continued in December 2023 and will subsist after our Listing)	205 (Represents 0.2% of our Group's administrative expenses for the FYE 2020)	19 (Represents less than 0.1% of our Group's administrative expenses for the FYE 2021)	-	416 (Represents 0.4% of our Group's administrative expenses for the FYE 2023)	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

(1) During the FYE 2020, we purchased FFB harvested from the Malay Reserved Estates from JCorp and Johor Franchise Development (being the previous beneficial owner of Bukit Kelompok Estate and Pasir Logok Estate before such beneficial ownership was transferred to JCorp following an internal reorganisation). Subsequently, we entered into the Tenancy Agreement with JCorp to rent the Malay Reserved Estates from July 2020 to June 2023, followed by the Renewal Tenancy Agreement from July 2023 to June 2026 for the operation of the oil palm plantation and have then ceased purchasing FFB from these related parties.

(2) Refers to management and administrative support services provided by us to plantation estates owned by JCorp and Johor Franchise Development. We also provide advisory and agronomy services to assist its related companies in improving their yield and achieve operational efficiencies and effectiveness in terms of the oil extraction rate. Subsequent to the Pre-Listing Restructuring and the execution of the Tenancy Agreement with JCorp, we no longer provide these services to these related parties.

(3) Pursuant to a tenancy agreement dated 7 February 2022 entered into between JCorp (as landlord) and Kulim (as tenant), JCorp has agreed to rent the Kuala Kabong Estate to Kulim for a term of 3 years, commencing from 1 October 2019 to 30 September 2022 ("**Kuala Kabong Estate Tenancy Agreement**"). Following the expiry of the term of the Kuala Kabong Estate Tenancy Agreement, JCorp and Kulim have executed a supplemental letter dated 13 September 2022 to extend the term of the tenancy for a further period of 2 months, commencing from 1 October 2022 to 30 November 2022 ("**Extended Term**").

On the even date, a novation agreement was executed between JCorp, Kulim and our Company whereby, with the consent of JCorp, Kulim novated all its rights, title, interest, obligations and liabilities under the Kuala Kabong Estate Tenancy Agreement to us with effect from 1 December 2022. Following the expiry of the Extended Term, JCorp, our Company and Kulim (acting on our behalf) have executed supplemental letters dated 20 November 2022, 20 March 2023 and 21 November 2023 to further extend the term of the Kuala Kabong Estate Tenancy Agreement. Based on the terms of the latest supplemental letter dated 21 November 2023, the tenancy will expire on 31 December 2024.

(4) Pursuant to a tenancy agreement dated 26 April 2022 entered into between Johor Land (as landlord) and Kulim (as tenant), Johor Land has agreed to rent the identified parcels of land with a total land area of 270 Ha the REM Estate to Kulim for a term of 3 years, commencing from 1 January 2022 to 31 December 2024 ("**270 Ha REM Estate Tenancy Agreement**"). On 15 December 2022, a novation agreement was executed between Johor Land, Kulim and our Company whereby, with the consent of Johor Land, Kulim novated all its rights, title, interest, obligations and liabilities under the 270 Ha REM Estate Tenancy Agreement to us with effect from 1 December 2022.

In a letter dated 20 November 2023, Johor Land expressed its intention to terminate the rental arrangement in respect of 41 Ha of the REM Estate which has been designated for future property development. Accordingly, the total REM Estate land area that we rent from Johor Land was reduced to 229 Ha with effect from 15 December 2023.

(5) Pursuant to tenancy agreements dated 30 June 2023 entered into between Kulim (as landlord) and our Company (as tenant) and a supplemental letter dated 1 July 2023 executed between Kulim and our Company, Kulim has agreed to rent identified parcels of land with a total land area of 216 Ha in the REM Estate to us for a term of 3 years, commencing from 1 December 2022 to 30 November 2025.

On 1 March 2024, we ceased renting 39 Ha of the REM Estate from Kulim due to the disposal of the said land by Kulim. This, coupled with the surrender of 2 Ha of lands by Kulim to the state authority for the purpose of road construction in the REM Estate, resulted in the total land area of the REM Estate that we rent from Kulim being reduced from 216 Ha to 175 Ha.

Further, Kulim has informed us that it is in the process of disposing of a portion of the REM Estate measuring 29 Ha, and we will then cease our tenancy in respect of such area once the disposal is completed. The disposal is not expected to have any material impact to our business operations and financial performance as the land area represented less than 0.1% of our total landbank.

(6) We provided trading and support services such as (i) sale of agricultural machineries and parts to JCorp and Johor Franchise Development for their plantation operations before we rent the Malay Reserved Estates from them, (ii) landscaping services to KPJ and Damansara Assets for their hospitals and buildings as well as (iii) supply of safety products, installation of fire safety protection system and related maintenance services to the JCorp Group. These transactions are carried out on arm's length and not to our detriment.

Our Directors confirm that all the related party transactions outlined above were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to us than those generally available to third parties based on the following reasons:

(i) the purchase considerations for the acquisition of the assets and liabilities or equity interests under the Pre-Listing Restructuring, including the assignment of banking facilities by us to Kulim as a consequence of the Pre-Listing Restructuring, were arrived at after taking into consideration their respective NBV based on the latest available unaudited management accounts prior to the completion date of the respective Pre-Listing Restructuring Agreements to provide a more accurate reflection of the financial position at the completion date of the Pre-Listing Restructuring Agreements;

(ii) the above rental arrangements involving the Malay Reserved Estates, Kuala Kabong Estate and REM Estate were supported by valuation reports as appraised by independent property valuers appointed by us to arrive at a fair rental rate which were not unfavourable to us; and

(iii) the transactions with our related parties such as the sale of CPO, purchase of FFB, provision of trading and support services as well as provision administrative and secretarial services were transacted at pricing which were comparable against contemporaneous transactions with unrelated third parties for similar products/services.

Our Directors also confirm that there is no other material related party transaction that has been entered by our Group which involves the interest, direct or indirect, of our Directors, Substantial Shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus.

Following our Listing, our Directors will ensure that future transactions with related party (if any) will be in compliance with the Listing Requirements. The procedures to be undertaken to ensure that future transactions with related party (if any) are carried out on an arm's length basis are set out in Section 10.4 of this Prospectus.

10.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Group has not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, with a related party during the Financial Years Under Review up to the LPD.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.3 LOANS AND FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, there are no other outstanding loans and financial assistance made by us to or for the benefit of any related party during the Financial Years Under Review up to the LPD:

			Outstanding amount				
Transacting parties	**Nature of relationship**	**Nature of transaction**	**FYE 2020 (RM'000)**	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**	**1 January 2024 up to the LPD (RM'000)**
JPG Group and the JCorp Group	JCorp and Kulim are our Promoters and Substantial Shareholders	(i) Provision of non-trade inter-company advances by our Group to Kulim[(1)]	58,556 (Represents 3.6% of our Group's NA as at 31 December 2020)	73,331 (Represents 3.9% of our Group's NA as at 31 December 2021)	127,072 (Represents 6.4% of our Group's NA as at 31 December 2022)	-	-
		(ii) Provision of non-trade advances by our Group to the JCorp and its related subsidiaries (excluding Kulim)	7,956 (Represents 0.5% of our Group's NA as at 31 December 2020)	4,483 (Represents 0.2% of our Group's NA as at 31 December 2021)	12,852 (Represents 0.7% of our Group's NA as at 31 December 2022)	-	-

Note:

(1) Prior to the consolidation of Kulim's plantation business under our Group pursuant to the Pre-Listing Restructuring, we, as a subsidiary of Kulim, provided non-trade inter-company advances to our holding company for the plantation business of Kulim group of companies.

The advances extended by our Group to the related parties above were made on an arm's length basis, whereby interests charged to them are on normal commercial terms which are not unfavourable to our Group and are comparable to those generally available to third parties, and have been fully repaid as at the LPD.

10.4 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.4.1 Board Audit Committee review

Our Board Audit Committee reviews related party transactions and conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Board Audit Committee maintains and periodically reviews the adequacy of the procedures and processes set by us to monitor related party transactions and conflict of interest. It also sets the procedures and processes to ensure that transactions are carried out in our best interest, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties and are not detrimental to the interest of our minority shareholders. Among others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberation on the transactions. All reviews by our Board Audit Committee are reported to our Board for its further action.

10.4.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom we enter into transactions. As disclosed in this Prospectus, some of our Directors and/or Substantial Shareholders are also directors and, in some cases, shareholders of the related parties of our Group, and with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions must be reviewed by our Audit Committee to ensure that they are negotiated and agreed upon in the best interest of our Company, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not detrimental to the interest of our minority shareholders.

In addition, we adopted a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and MCCG upon our Listing. The procedures which may form part of the framework include, among others, the following:

(i) our Board shall ensure that majority of our Board members are independent directors and will undertake an annual assessment of our Independent Non-Executive Directors;

(ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and

(iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

11. CONFLICTS OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

As at the LPD, save as disclosed below, none of our Directors and Substantial Shareholders have any other interest, direct or indirect in any businesses or corporations that:

(i) are customers or suppliers of our Group; or

(ii) carry on a similar trade as that of our Group.

11.1.1 Interest in corporations that are customers or suppliers of our Group

JCorp, who is our Substantial Shareholder, has interests in a few companies which are/were our customers or suppliers for the Financial Years Under Review and up to the LPD, as follows:

Name of customer/supplier	Nature of transaction	Nature of interest
Customers • JCorp[(1)]; • Johor Franchise Development[(2)]; • Johor Land[(3)]; • KPJ[(4)]; • Damansara Assets[(5)]; and • Ayamas[(6)]	(i) Provision of agency, planting advisory and agronomy services by us to JCorp and Johor Franchise Development from January 2020 until June 2020. (ii) Provision of trading and support services to JCorp, Johor Franchise Development, Johor Land, KPJ and Damansara Assets. Please refer to Section Note 6 of Section 10.1 of this Prospectus for further information. (iii) Sale of CPO by us to Ayamas as ingredients for broiler feeds.	JCorp, who is our Promoter and Substantial Shareholder, is the holding company of Johor Franchise Development, Johor Land, KPJ and Damansara Assets. Ayamas is a wholly-owned subsidiary of QSR Brands (M) Holdings Bhd, a 56%-owned subsidiary of JCorp, who is our Promoter and Substantial Shareholder.
Suppliers • JCorp[(1)]; and • Johor Franchise Development[(2)]	Purchase of FFB by us from JCorp and Johor Franchise Development from January 2020 until June 2020.	JCorp, who is our Promoter and Substantial Shareholder, is also the holding company of Johor Franchise Development.

Notes:

(1) JCorp is principally involved in investment holding activities while its subsidiaries, associated companies and joint ventures companies are principally involved in plantation and agrobusiness, healthcare and wellness services, real estate and infrastructure, quick service restaurants and investment holding.

(2) Johor Franchise Development is an investment holding company (investing in shares), holding shares in companies within the JCorp Group that are involved in non-core business activities. As at the LPD, the subsidiaries of Johor Franchise Development are either dormant or had ceased business operation.

(3) Johor Land is principally involved in property development, construction and investment holding.

(4) KPJ is an investment holding company while its subsidiaries are mainly involved in the operation of specialist hospitals.

(5) Damansara Assets is an investment holding company.

(6) Ayamas is principally involved in breeding, broiler farms/hatchery, feedmill and investment holding.

Our Board is of the view that any potential conflict of interest situation that may arise as a result of the interests of JCorp in these companies, which were our customers and/or suppliers during the Financial Years Under Review, has been mitigated or eliminated as follows:

(i) the companies are not involved in the plantation business as well as the production of palm oil products and are not in competition with our business and operations;

(ii) the above transactions were carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are comparable to those generally available to third parties. The sale of CPO, purchase of FFB, provision of trading and support services as well as provision administrative and secretarial services were transacted at pricing which were comparable against contemporaneous transactions with unrelated third parties for similar products/services;

(iii) JCorp, Johor Franchise Development, Johor Land, KPJ, Damansara Assets and Ayamas were not our major customers, and we are not dependent on them for revenue. These customers collectively contributed approximately 1.1%, 0.7%, 0.4% and 0.3% to our revenue for the Financial Years Under Review respectively; and

(iv) insofar as our purchase of FFB from JCorp and Johor Franchise Development is concerned, JCorp and Johor Franchise Development were only our major suppliers for the FYE 2020, and we were not dependent on them for the purchase of FFB during the Financial Years Under Review. These suppliers collectively contributed approximately 6.8% of our Group's purchases for the FYE 2020.

As disclosed in Section 10.1 of this Prospectus, we used to purchase FFB harvested from Tunjuk Laut Estate and Bukit Payung Estate (which are owned by JCorp) as well as from Bukit Kelompok Estate and Pasir Logok Estate (which were beneficially owned by Johor Franchise Development previously before such beneficial ownership was transferred to JCorp following an internal reorganisation). We have ceased purchasing FFB from these related parties since the execution of the Tenancy Agreement to rent the Malay Reserved Estates from JCorp from July 2020 onwards for the operation of the oil palm plantation. As at the LPD, none of our Directors and Substantial Shareholders have any interest, direct or indirect, in any businesses or corporations that are suppliers of our Group.

Upon our Listing, our Board Audit Committee will assess the financial risk and matters relating to any potential conflict of interest situation that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity, to ensure that transactions are carried out in the best interest of our Group. Any future dealings with customers and/or suppliers in which our Directors or Substantial Shareholders have interest, direct or indirect, will be based on established procedures for related party transactions to ensure that they are carried out on an arm's length basis.

11.1.2 Interest in corporations that carry on similar trade as that of our Group

None of our Substantial Shareholders, Directors or Key Senior Management have any interest in corporations that carry on similar trade as that of our Group save and except for insubstantial shareholding interests held by our Directors as personal investments in the shares of public companies listed on Bursa Securities.

11.2 DECLARATIONS BY ADVISERS ON CONFLICTS OF INTEREST

11.2.1 Declaration by RHB Investment Bank

RHB Investment Bank and its related and associated companies (collectively, the "**RHB Banking Group**") engage in private banking, commercial banking and investment banking transactions which include, among others, brokerage, advisory on mergers and acquisitions, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, our Directors, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group. The related companies of RHB Investment Bank may also subscribe for our IPO Shares to be offered under the Institutional Offering.

As at the LPD, the RHB Banking Group has extended credit facility with a limit of approximately RM459.0 million to our Group. The extension of the said credit facility is in the ordinary course of business of the RHB Banking Group. We will partly repay the borrowings owing to the RHB Banking Group with the gross proceeds to be raised from the Public Issue.

Notwithstanding the above, RHB Investment Bank is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as the Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Managing Underwriter and Joint Underwriter for our IPO due to the following reasons:

(i) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser, Joint Global Coordinator, Managing Underwriter and Joint Underwriter is in the ordinary course of its business. RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees, underwriting commission and placement fees received in relation to the aforesaid appointment;

(ii) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. In any event, the team overseeing our IPO in RHB Investment Bank is independent from the team handling the credit facility. Further, there is no involvement by the Corporate Finance division of RHB Investment Bank in respect of any credit application process undertaken by other departments within RHB Banking Group;

(iii) the credit facility was provided by the RHB Banking Group on an arm's length basis and in its ordinary course of business, and the said credit facility is not material when compared to the audited NA of the RHB Banking Group as at 31 December 2023 of approximately RM30.9 billion (representing approximately 1.5% of the RHB Banking Group's audited NA); and

(iv) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013, CMSA and the RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB Investment Bank confirms that there is no conflict of interest in its capacity as the Principal Adviser, Joint Global Coordinator, Managing Underwriter and Joint Underwriter for our IPO.

11.2.2 Declaration by CLSA

In the ordinary course of business, CLSA and/or its affiliated companies (collectively, the "**CLSA Group**"), may engage in transactions with and perform services for our Company and/or our affiliates. Subject to the laws and regulations in the relevant jurisdictions, members of the CLSA Group engage in investment banking transactions including, without limitation, corporate finance, mergers and acquisitions, merchant banking, equity and fixed income sales, trading and research, derivatives, foreign exchange, futures, asset management, custody, clearance and securities lending in their ordinary course of business with our Company and/or our affiliates. Further, and subject to the laws and regulations in the relevant jurisdictions, any member of the CLSA Group may at any time offer or provide its services to, or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the accounts of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. Save for our IPO, CLSA does not have any other existing business relationship with us as at the LPD.

CLSA confirms that there is no conflict of interest in its capacity as Joint Global Coordinator and Joint Bookrunner for our IPO.

11.2.3 Declaration by AmInvestment Bank

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, the "**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 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 our Group.

As at the LPD, the AmBank Group has not extended any credit facility to our Group. However, the AmBank Group has, in the ordinary course of its banking business, extended credit facilities to the JCorp Group with a combined limit of approximately RM1.0 billion, of which approximately RM0.3 billion is outstanding as at the LPD. AmInvestment Bank has been appointed as the Joint Lead Manager for the Proposed Sukuk Programme.

Notwithstanding this, AmInvestment Bank is of the view that its role as the Joint Lead Manager for the Proposed Sukuk Programme does not result in a conflict of interest or potential conflict of interest situation in respect of its capacity to act as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO due to the following reasons:

(i) the 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 Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO is in its ordinary course of business. AmInvestment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO as well as the Joint Lead Manager for the Proposed Sukuk Programme;

(ii) 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 the 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 Bank Negara Malaysia; and

(iii) the credit facilities were provided by the AmBank Group on an arm's length basis and in its ordinary course of business, and the said credit facilities represented approximately 5.5% of the AmBank Group's audited NA of approximately RM18.1 billion as at 31 March 2023.

AmInvestment Bank confirms that there is no conflict of interest in its capacity as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO.

11.2.4 Declaration by CIMB IB

CIMB IB, its affiliated, related and associated companies, as well as its holding company, CIMB Group Holdings Berhad, and the subsidiaries and associated companies of its holding company (collectively, the "**CIMB Group**") form a diversified financial group and are engaged in a wide range of businesses relating to among others, retail banking, investment banking, commercial banking, brokerage, securities trading, asset and funds management and credit transaction services business. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to CIMB IB's role as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates or any other entity or person, hold long or short positions in securities issued by our Company or any of our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the business of the CIMB Group generally acting independent of each other, and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Company and/or our affiliates.

As at the LPD, the CIMB Group has, as part of its ordinary course of business, on an arm's length basis granted various credit facilities (in the form of term loan, Islamic financing and trade lines) with combined limits of up to an aggregate amount of approximately RM2.1 billion to the JCorp Group (including Kulim and JPG). The CIMB Group has extended credit facility with a limit of approximately RM1.0 billion to our Group, of which approximately RM0.9 billion is outstanding as at the LPD. We will partly repay the borrowings owing by our Group to the CIMB Group with the gross proceeds to be raised from the Public Issue. CIMB IB has also been appointed as the Joint Lead Arranger and Joint Lead Manager for the Proposed Sukuk Programme.

Notwithstanding the above, CIMB IB is of the view that the abovementioned as well as its roles as the Joint Lead Arranger and Joint Lead Manager for the Proposed Sukuk Programme do not result in a conflict of interest or potential conflict of interest situation in respect of its capacity to act as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO due to the following:

(i) the CIMB Group is a licensed financial institution and the extension of credit facilities to our Group, the JCorp Group arose in the ordinary course of business of the CIMB Group;

(ii) the total credit facilities granted by the CIMB Group to the JCorp Group are not material when compared to the audited NA of the CIMB Group as at 31 December 2023 of RM68.3 billion (representing approximately 3.1% of the CIMB Group's audited NA as at 31 December 2023);

(iii) the CIMB Group's banking business is strictly regulated by, among others, the Financial Services Act 2013, Islamic Financial Services Act 2013 and CMSA and the CIMB Group's own internal controls and checks, among others, the segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees;

(iv) CIMB IB is a licensed investment bank and its appointment as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO is in the ordinary course of its business and CIMB IB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO as well as the Joint Lead Arranger and Joint Lead Manager for the Proposed Sukuk Programme; and

(v) the relevant divisions of CIMB IB are required under CIMB IB's investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia. These guidelines require, among others, the establishment of "Chinese Wall" policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations.

CIMB IB confirms that there is no conflict of interest situation in its capacity as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our IPO.

11.2.5 Declaration by Affin Hwang IB

Affin Bank Berhad (the holding company of Affin Hwang IB) and its related and associated companies (collectively, the "**Affin Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, trustee and credit transaction services businesses. In addition, in the ordinary course of business, any member of the Affin Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the JCorp Group, hold long or short positions in securities issued by the JCorp Group, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any members of the JCorp Group.

As at the LPD, the Affin Group has not extended any credit facility to our Group. However, the Affin Group has, in the ordinary course of its banking business, extended credit facilities to the JCorp Group with a combined limit of approximately RM1.1 billion, of which approximately RM0.6 billion is outstanding as at the LPD. Further, Affin Hwang IB has also been appointed as the Joint Lead Manager for the Proposed Sukuk Programme.

Notwithstanding this, Affin Hwang IB is of the view that the abovementioned does not result in a conflict of interest or potential conflict of interest situation in respect of its capacity to act as the Joint Bookrunner and Joint Underwriter for our IPO due to the following:

(i) Affin Hwang IB is a licensed investment bank and its appointment as the Joint Bookrunner and Joint Underwriter for our IPO is in the ordinary course of its business. Affin Hwang IB does not have any interest in our IPO other than as the Joint Bookrunner and Joint Underwriter based on the terms of engagement which are mutually agreed between both parties. Further, Affin Hwang IB does not receive or derive any financial interest or benefit, save for the professional fees received in relation to its appointment as the Joint Bookrunner and Joint Underwriter for our IPO as well as the Joint Lead Manager for the Proposed Sukuk Programme;

(ii) the conduct of Affin Hwang IB's business is regulated by the Financial Services Act 2013 and the CMSA as well as its own internal controls and checks;

(iii) the relevant divisions of Affin Hwang IB is required under its investment banking licence to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and

(iv) the credit facilities were provided by the Affin Group on an arm's length basis and in its ordinary course of business, and the said credit facilities represented approximately 9.9% of the Affin Group's audited NA of approximately RM11.1 billion as at 31 December 2023.

Affin Hwang IB confirms that there is no conflict of interest in its capacity as the Joint Bookrunner and Joint Underwriter for our IPO.

11.2.6 Declaration by KPMG PLT

KPMG PLT confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our IPO.

11.2.7 Declaration by Mah-Kamariyah & Philip Koh

Mah-Kamariyah & Philip Koh confirms that there is no conflict of interest in its capacity as the legal adviser to our Company as to Malaysian law in respect of our IPO.

11.2.8 Declaration by Latham & Watkins LLP

Latham & Watkins LLP confirms that there is no conflict of interest in its capacity as the legal adviser to our Company as to United States federal securities law and English law in respect of our IPO.

11.2.9 Declaration by Christopher & Lee Ong

Christopher & Lee Ong confirms that there is no conflict of interest in its capacity as the legal adviser to the Joint Global Coordinators, Joint Bookrunners, Managing Underwriter and Joint Underwriters as to Malaysian law in respect of our IPO.

11.2.10 Declaration by Linklaters Singapore Pte Ltd

Linklaters Singapore Pte Ltd confirms that there is no conflict of interest in its capacity as the legal adviser to the Joint Global Coordinators and Joint Bookrunners as to United States federal securities law and English law in respect of our IPO.

11.2.11 Declaration by Glenauk Economics Sdn Bhd

Glenauk Economics Sdn Bhd confirms that there is no conflict of interest in its capacity as the Independent Market Researcher in respect our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The historical financial information presented below has been derived from our consolidated financial statements contained in the Accountants' Report included in Section 13 of this Prospectus. Our consolidated statements are prepared in accordance with the MFRS and IFRS. This historical financial information presented below should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 12.3 of this Prospectus as well as our historical consolidated financial statements and the accompanying notes as set out in the Accountants' Report in Section 13 of this Prospectus.

Although we only completed our Pre-Listing Restructuring on 1 December 2022, our historical financial information is presented based on our consolidated financial statements as if our Group structure has been in existence throughout the Financial Years Under Review. Business combinations arising from the transfer of interest in entities or transfer of businesses in entities that are under the control of the shareholder that controls our Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented and, for the purpose of the Accountants' Report, the comparatives are restated.

The assets and liabilities acquired are recognised at the carrying amounts recognised previously in financial statements of our Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within our Group's equity and any resulting gain or loss is recognised directly in equity. The surplus or deficit in respect of the consideration paid over the aggregated amounts of assets and liabilities of the acquired businesses as of the date of the common control transaction is recognised in our Group's and Company's equity.

The historical financial information included in this Prospectus is not necessarily indicative of our future operating performance or financial condition.

12.1.1 Historical consolidated statements of profit and loss and other comprehensive income

The summary of our historical consolidated statements of profit and loss and other comprehensive income for the Financial Years Under Review is set out below:

	<--------------------------------Audited			-------------------------------->
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
Revenue	1,020,759	1,549,235	1,751,645	1,253,445
Cost of sales	(735,780)	(921,487)	(981,698)	(890,392)
GP	**284,979**	**627,748**	**769,947**	**363,053**
Other income	23,721	30,934	10,961	15,019
Administrative expenses	(99,009)	(99,619)	(126,604)	(99,127)
Other operating expenses	(5,419)	(3,785)	(16,689)	(4,216)
Results from operating activities	**204,272**	**555,278**	**637,615**	**274,729**
Finance income	2,843	2,213	4,643	2,783
Finance costs	(89,504)	(68,943)	(73,138)	(90,592)
PBT	117,611	488,548	569,120	186,920
Tax expense	(62,710)	(139,877)	(67,554)	(19,425)
Zakat	(2,595)	(4,055)	(6,202)	(1,770)
PAT	**52,306**	**344,616**	**495,364**	**165,725**
PAT attributable to:				
Owners of our Group	52,501	344,796	495,592	167,306
Non-controlling interest	(195)	(180)	(228)	(1,581)
	52,306	**344,616**	**495,364**	**165,725**

	<---Audited			--->
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
Other selected financial data:				
GP margin[(1)] (%)	27.9	40.5	44.0	29.0
PBT margin[(2)] (%)	11.5	31.5	32.5	14.9
PAT margin[(3)] (%)	5.1	22.3	28.3	13.3
EBITDA[(4)]	311,761	662,621	744,789	385,038
EBITDA margin[(5)] (%)	30.5	42.8	42.5	30.7
Basic and diluted EPS[(6)] (sen)	2.1	13.8	19.8	6.7
Number of Shares in issue after our IPO ('000)	2,500,000	2,500,000	2,500,000	2,500,000

Notes:

(1) Computed as GP divided by revenue.

(2) Computed as PBT divided by revenue.

(3) Computed as PAT attributable to owners of our Group divided by revenue.

(4) Computed as follows:

	<---Audited			--->
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
PAT attributable to owners of our Group	52,501	344,796	495,592	167,306
Add:				
Zakat	2,595	4,055	6,202	1,770
Tax expense	62,710	139,877	67,554	19,425
Depreciation and amortisation	107,294	107,163	106,946	108,728
Finance costs	89,504	68,943	73,138	90,592
Less: Finance income	(2,843)	(2,213)	(4,643)	(2,783)
EBITDA	**311,761**	**662,621**	**744,789**	**385,038**

EBITDA and EBITDA margin are supplemental measures of our performance and liquidity that are not required by or presented in accordance with MFRS or IFRS. EBITDA and EBITDA margin should not be considered as an alternative to profit and total comprehensive income for the year or any other performance measures derived in accordance with MFRS or IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA and EBITDA margin are not standardised terms, and hence, a direct comparison of similarly titled measures between companies may not be possible. Other companies may calculate EBITDA and EBITDA margin differently from us, which limits its usefulness as a comparative measure.

(5) Computed as EBITDA divided by revenue.

(6) Computed as PAT attributable to owners of our Group divided by the enlarged total number of 2,500,000,000 Shares after our IPO.

12. FINANCIAL INFORMATION (CONT'D)

12.1.2 Historical consolidated statements of financial position

The summary of our historical consolidated statements of financial position for the Financial Years Under Review is set out below:

	<----Audited----			---->
	31 December 2020 (RM'000)	31 December 2021 (RM'000)	31 December 2022 (RM'000)	31 December 2023 (RM'000)
Property, plant and equipment	2,424,139	2,438,257	2,461,941	2,540,077
Right-of-use assets	1,659,438	1,629,679	1,601,797	1,684,305
Intangible assets	749	627	627	-
Trade and other receivables	64,114	63,972	63,975	-
Total non-current assets	**4,148,440**	**4,132,535**	**4,128,340**	**4,224,382**
Biological assets	19,148	39,465	22,713	25,192
Inventories	18,484	21,666	66,690	29,892
Trade and other receivables	109,506	165,055	185,105	56,234
Current tax assets	1,026	1,074	23,881	72,864
Other investments	27,215	27,588	25,954	26,382
Cash and cash equivalents	156,519	198,320	25,453	140,688
	331,898	453,168	349,796	351,252
Assets classified as held for sale(1)	-	-	-	6,765
Total current assets	**331,898**	**453,168**	**349,796**	**358,017**
Total assets	**4,480,338**	**4,585,703**	**4,478,136**	**4,582,399**
Share capital	36,432	36,432	1,329,363	1,502,000
Invested equity	46,572	46,572	-	-
Other reserves	611,066	696,066	(617,202)	(617,202)
Retained earnings	949,353	1,094,149	1,263,629	1,358,942
Equity attributable to owners of our Group	**1,643,423**	**1,873,219**	**1,975,790**	**2,243,740**
Non-controlling interests	235	730	502	15
Total equity	**1,643,658**	**1,873,949**	**1,976,292**	**2,243,755**
Trade and other payables	-	-	101,200	-
Deferred tax liabilities	574,414	585,846	461,590	457,710
Borrowings	1,900,440	1,762,983	1,587,209	1,413,744
Employee benefits	8,517	8,080	6,666	10,780
Lease liabilities	1,129	1,035	682	102,972
Total non-current liabilities	**2,484,500**	**2,357,944**	**2,157,347**	**1,985,206**
Trade and other payables	188,383	205,259	148,773	135,682
Borrowings	141,622	115,647	180,351	213,473
Derivative financial liability	3,788	-	-	-
Lease liabilities	923	1,238	736	4,283
Current tax liabilities	17,464	31,666	14,637	-
Total current liabilities	**352,180**	**353,810**	**344,497**	**353,438**
Total liabilities	**2,836,680**	**2,711,754**	**2,501,844**	**2,338,644**
Total equity and liabilities	**4,480,338**	**4,585,703**	**4,478,136**	**4,582,399**

Note:

(1) As at 31 December 2023, we have classified approximately 62 Ha of Sedenak Estate and 3 Ha of Rengam Estate as assets to be held for sale to the JCorp Group for future property development in 2024. The sale of lands is not expected have any material impact to our business operations and financial performance as the land area is not material to our Group which represented approximately 0.1% of our total landbank as at the LPD. As at the LPD, we have not entered into any agreement with the JCorp Group for the said sale of lands.

12.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our capitalisation and long-term indebtedness as at 30 April 2024, and after adjusting for the Public Issue and the use of proceeds:

	Unaudited as at 30 April 2024 (RM'000)	**After the Public Issue and use of proceeds (RM'000)**
Indebtedness		
Current		
Unsecured and unguaranteed		
• Lease liabilities	4,169	4,169
• Revolving credit	2,000	2,000
Secured and unguaranteed		
• Term loans	202,907	202,907
• Hire purchase liabilities	13	13
	209,089	209,089
Non-current		
Unsecured and unguaranteed		
• Lease liabilities	101,730	101,730
Secured and unguaranteed		
• Term loans	1,370,902	1,203,462
	1,472,632	1,305,192
Total indebtedness	**1,681,721**	**1,514,281**
Total capitalisation/shareholders' equity	**2,310,507**	**2,688,783**
Total capitalisation and indebtedness	**3,992,228**	**4,203,064**
Gearing ratio[1] (times)	0.7	0.6

Note:

(1) Computed as total indebtedness divided by the shareholders' equity.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations during the Financial Years Under Review should be read in conjunction with the Accountants' Report and the accompanying notes as set out in Section 13 of this Prospectus.

This discussion and analysis contain financial information derived from our audited consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions, particularly the risk factors as set out in Section 9 of this Prospectus. Our future results may differ significantly from those forward-looking statements contained in this Prospectus due to these risks, uncertainties and assumptions.

12.3.1 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and are expected to be affected by a number of factors, including those set out below:

(i) Global vegetable oil price trends

Since there is substantial substitution between different vegetable oils, such as soybean, rapeseed and sunflower based on price, supply and demand changes in the global vegetable oil market have a significant impact on our financial performance because they affect the selling prices of our products, which in turn affects our revenue. The prices of the CPO and PK that we sell are generally influenced by the prices of crude petroleum oil and substitute vegetable oils, such as soybean, rapeseed and sunflower oils (in the case of CPO) and crude coconut oil (in the case of PK).

Commodities prices also affect the future prices of CPO and PK quoted internationally and locally by MPOB. We typically price our CPO and PK with reference to the price quoted by MPOB, but at higher prices because our CPO and PK meets the RSPO certification standards and can be sold as RSPO-certified products, which are in short supply in the market relative to demand.

Prices of commodities such as CPO and alternatives such as soybean, rapeseed and sunflower are highly volatile and are generally affected by, among others, global and regional supply and demand, weather conditions, government policies, foreign exchange rates, shifts in consumption patterns among consumers, the availability and price of substitute commodities and other circumstances over which we do not have any control.

Commodity prices also affect the fair value of our biological assets, namely the FFB harvested from our plantation estates. We determine the fair value of our biological assets in accordance with MFRS 141 "Agriculture" based on the estimated amount of FFB that can be produced from our oil palms over a 2-week period from the measuring date (based on the oil content of the unripe FFB) and the net present value of the cash flows that such FFB can generate (based on estimates of the amount of CPO that such FFB can yield and current market prices of CPO and alternatives). Changes in the fair value of our biological assets, less estimated selling costs, are included in our other income or other operating expenses, depending on whether they result in a gain or a loss during the relevant year. The changes in the fair value of our biological assets that we recognise as gains and losses can be significant and cause our results to vary substantially from year to year.

(ii) Land bank utilisation, oil palm harvesting and FFB yields

Our results of operations depend on our ability to maximise the efficient use of our land bank and the amount of FFB that we produce from our oil palm estates. We produce RSPO-certified FFB on all of our 23 oil palm estates that we own or rent, while we purchase non-certified FFB from our managed estates. Substantially all of the FFB that we produced is used in our own POMs to produce CPO and PK that meet RSPO certification standards and can be sold as RSPO-certified products. The FFB from our oil palm estates accounts for a large proportion of the total FFB that our POMs process because of the limited supply of RSPO-certified FFB that is available for purchase from third parties. When we are able to maintain high levels of land bank utilisation and manage our oil palm estates productively and efficiently, we are able to achieve higher FFB yields, which in turn allows us to produce and sell more CPO and PK, thereby increasing our revenues.

The performance of our oil palm plantations, as measured by FFB yield, depends on various factors such as the quality of the oil palm seed, soil, climate, plantation management as well as our efficiency in harvesting, processing and milling of the FFB. To maintain consistent revenue performance and growth, we need to maintain and increase our FFB yields each year. This depends on our ability to effectively manage the maturity profile of our oil palms and to maintain an effective replanting program that replaces old oil palms with new seedlings that produce higher yielding oil palms upon maturity.

(iii) Costs and availability of labour

A significant portion of our expenses consists of labour costs which we incur as cost of sales and operating expenses. Therefore, our ability to effectively manage our labour costs and fluctuations in the cost of labour can have a significant effect on our costs, profitability and margins.

Our labour costs are determined by the number of plantation workers employed, current minimum wage levels and the availability of labour in the market with the required skill sets. We rely to a significant extent on foreign workers, primarily from Indonesia and Bangladesh, for our plantation operations. As such, our results of operations are exposed to fluctuations in labour costs, as well as changes to government policies on employment of foreign labour in Malaysia and on worker emigration from Indonesia, Bangladesh and other countries where we hire foreign workers from, which are beyond our control.

Our ability to efficiently harvest our oil palms and our FFB production volume depends on our ability to hire and retain skilled workers at our plantation estates for the nurturing of seedlings, palm planting, manuring, harvesting and other maintenance work. It is crucial to retain our skilled workers because training new workers typically takes about 3 months before they are able to perform at a standard which can achieve our targeted yields for FFB harvesting.

(iv) Weather conditions

Weather conditions are a key determinant of fluctuations in our FFB yields, which in turn affects our CPO and PK production and our revenue. Oil palms generally require even rainfall distribution, moderate temperatures and consistent sunny days in order to produce fruitful harvests and maximise FFB yields. Conversely, our FFB yields could be adversely affected by extreme weather patterns such as prolonged dry or wet conditions. A dry spell could induce moisture stress in oil palms and reduce production depending on the severity of the drought, while prolonged wet conditions could disrupt pollination, harvesting and transportation. We generally expect to observe the impact of weather conditions on our FFB yields beginning approximately 5 to 6 months after the weather conditions occur.

We experienced extremely low rainfall during the 1st half of 2019, which adversely impacted FFB production over the next 24 months. The prolonged dry conditions induced moisture stress in the oil palms, which led to reduced production because a higher percentage of FFB was not suitable for processing and also led to declining FFB yield during the 1st quarter of 2021 once those palms matured. We also had dry weather conditions during 2021, which led to less fruitful FFB harvests especially in young-mature fields. There was also hot dry weather in 2019, which led to a higher percentage of FFB being unsuitable for processing. These weather conditions in 2019 contributed to our lower FFB yields for the FYE 2021 as compared to the FYE 2020. In contrast, we experienced favourable weather conditions in the first 3 quarters of 2022, which is expected to improve FFB yields in future harvests.

Severely adverse weather conditions can have an immediate negative impact on FFB yields if they damage the FFB that was ready for harvesting at the time of the weather event. For example, we experienced severe flooding in March 2023, which caused lower FFB production by damaging the FFB that was ready for harvest, restricting travel to and from our plantation estates and preventing workers from accessing the oil palms.

Weather conditions also affect global CPO and PK prices, which in turn affect our selling prices. There have been 3 price rallies since 1990 caused by strong El Niño weather events in 1995, 2009 and 2019. Those El Niño events saw widespread droughts in Southeast Asia, which led to lower FFB yields and reduced CPO and PK supply, thereby increasing CPO and PK prices.

(v) Capital expenditures

During the Financial Years Under Review, our capital expenditures were focused on oil palm planting costs and upgrading our POMs. We fund our capital expenditure requirements using our internally generated funds (which includes our cash and cash equivalents and cash generated from operations), external financing, bank borrowings and part of the net proceeds from the Public Issue. Our ability to expand our business operations has been largely dependent upon, and will continue to depend upon, our ability to finance these activities. Our actual capital expenditures may vary from our projected amounts due to various factors, including changes in market conditions, our ability to generate sufficient cash flows from operations and our ability to obtain adequate financing for these planned capital expenditures.

(vi) Changes in customer trends

The shift in consumer preferences towards higher quality, sustainably produced CPO has translated to strong demand for our CPO and PK. Our products are produced to RSPO standards and marketable in Europe and other international markets where there is greater focus on the health impact of food consumables and sustainably produced food products.

In this respect, we believe that our focus on production of RSPO-certified palm oil products has had and will continue to have a positive influence on demand for our products, our selling prices and our revenue. Our revenue is determined in part by the extent to which we are able to keep abreast of consumer trends and implementing appropriate business strategies to maintain product demand.

(vii) Government regulations

Our financial performance, like the performance of other commodities producers, depends, in part, on government taxes, levies and regulations that affect the sale and export of our products. Higher taxes and levies affect our results of operations by increasing our operating costs and expenses, which adversely affects our operating profit, margins and profitability. The Government imposes a windfall profit levy on all Malaysian oil palm plantations that exceed 40.6 Ha in size. The windfall levy was set at a rate of 3% on palm oil prices above a threshold of RM3,000 per MT in Peninsular Malaysia for the FYE 2022 and FYE 2023, and RM2,500 per MT for the FYE 2020 and FYE 2021. Windfall profit levy accounted for 2.3%, 6.7%, 6.7% and 4.8% of our total plantation estate costs for the Financial Years Under Review respectively. Windfall profit levy also contributes to quarterly fluctuations in our results of operations due to the timing of our levy payments. For example, windfall profit levy accounted for 6.7% of our plantation estate costs for the FYE 2022 as compared to 2.8% of our plantation estate costs for the FYE 2023.

We are also required to make cess payments of RM16 per MT of CPO to MPOB. The cess level was most recently increased from RM14 per MT to its current level in 2021. In addition, exports of CPO from Malaysia are currently subject to an export duty that is imposed on a graduated scale, calculated in RM per MT beginning at 3.0% for CPO sold at RM2,250 per MT up to 8.0% for CPO sold at RM3,450 per MT or more.

In addition to regulations by the Government, import tariffs and taxes imposed by importing countries on products, we or our downstream customers export can affect demand for our products relative to palm oil products sourced from other countries and other vegetable oil alternatives. A lower tax rate on the competing substitute products can adversely affect our selling prices, revenue, margins and profitability.

(viii) Interest rate fluctuation

Our financial performance may be affected by changes in the prevailing interest rates in the financial market as a portion of our borrowings comprises floating rate borrowings. As at 31 December 2023, we had total borrowings (excluding lease liabilities) of approximately RM1.6 billion, of which 99.9% is based on floating interest rates. A substantial increase in interest rates will increase our finance costs.

(ix) COVID-19 and other outbreaks of infectious or virulent diseases

An outbreak of infectious or virulent diseases, such as COVID-19, may have a material adverse effect on the Malaysian and global economy, our industry, and our financial performance. If any of our employees or the employees of our suppliers and/or customers are infected with such diseases, or if a significant portion of our workforce is unable to or refuse to work for fear of contracting an infectious disease, our Group, our suppliers and/or customers may be required to scale back or shutdown operations for a period of time.

Due to the outbreak of the COVID-19 pandemic in 2020, the Government had implemented various measures and restrictions on the conduct of activities, including quarantine measures, restrictions on the movement of persons and closure of borders, to contain the spread of the virus. These actions were eased and tightened during the course of 2020 and 2021 as the extent of the COVID-19 pandemic had been fluctuating.

The MCO period had no material impact on our operations. As oil palm sector was classified under "essential services" sector, our operations were not disrupted and we were allowed to operate while complying with certain mandatory operating procedures (such as reduced workforce capacity) outlined by MITI during the MCO period from 18 March 2020 to 3 May 2020. Since June 2021, we were allowed to operate by complying with the general operating procedures issued by the Government.

In 2020, the implementation of the MCO by the Government in response to the COVID-19 pandemic prevented new intakes of foreign workers starting from 18 March 2020. In response, we implemented various strategies to overcome the resulting labour shortage. As a result, we were able to manage the foreign labour shortfall and achieve a moderate increase in yield per Ha to 22.9 MT during the FYE 2020 from 21.7 MT recorded in the previous year.

In 2021, the continuing effects of the COVID-19 pandemic, namely a prolonged freeze in new recruitment of foreign workers and continuous attrition of experienced workers returning to their home countries, resulted in an unprecedented acute shortage of labour. In Malaysia, supply of labour was constrained as well, especially in the plantation industry. Given that our overall manpower constraints in these conditions, we allocated more of our estate workers to harvesting. This resulted in fewer workers and some collateral delays in upkeep and maintenance of our estates. FFB production during the year was significantly impacted by extremely low rainfall during the 1st half of 2019, which led to declining FFB yield in the first quarter of 2021. In addition, the crop of oil palm seedlings in 2019 (which would affect production in 2021) produced lower than expected yields. There was also hot dry weather in 2019, which led to a higher percentage of FFB not being suitable for processing.

In 2022, the acute labour shortage continued as a result of the prolonged freeze of new recruitment of foreign workers. On 1 April 2022, Malaysia's national borders were reopened to allow new intake of foreign workers and we have since recruited new workers from Indonesia.

Since January 2023 and up to the LPD, COVID-19 related travel restrictions abated and the sourcing of foreign workers began to normalise.

12.3.2 Results of operations

Our results of operations are discussed and analysed below by components of our consolidated statements of profit or loss and other comprehensive income.

(i) Revenue

Our revenue is derived primarily from the sale of palm oil products, namely CPO, PK and FFB, and all of our operations are located in Malaysia.

During the Financial Years Under Review, the sale of CPO accounted for the largest portion of our revenue from our plantation segment at approximately 85.4%, 84.5%, 84.9% and 86.0% respectively. This was followed by the sale of PK which accounted for approximately 12.7%, 14.1%, 13.8% and 12.9% of our revenue for the Financial Years Under Review respectively.

Prior to the FYE 2022, we generated an insignificant percentage of our revenue from the sale of FFB to third parties from time to time, depending on market conditions. Sale of FFB accounted for the smallest portion of our revenue from our plantation segment at 0.7% and 0.3% of our revenue for the FYE 2020 and FYE 2021 respectively. During the FYE 2022 and FYE 2023, we did not generate any revenue from the sale of FFB. This reflects our current strategy to use all of our available FFB for our own production of CPO and PK.

We believe that we have an advantage in terms of pricing because our plantation operations are RSPO-certified and all of our POMs have RSPO certification. RSPO certification is recognised as a global benchmark for sustainability in the plantation industry. Customers are increasingly demanding sustainable products and practices from suppliers, while the number of RSPO-certified producers and the amount of available RSPO-certified palm oil products are currently still limited. Due to these market dynamics, the RSPO-certified CPO and PK that we produce generally attracts premium prices. During the Financial Years/Period Under Review, we sold our RSPO-certified CPO and PK at higher prices than those quoted by MPOB.

Besides our plantation operations, we also generate revenue from trading and support services. We generate this revenue from complementary activities consisting of trading of agricultural machinery and parts, sales of palm nursery and plantation related products, and providing training and safety-related services, and supply of safety products.

We began generating revenue from our new renewable energy business segment during the FYE 2023, whereby we sold the biomethane produced at our Sedenak POM to Gas Malaysia Green Ventures since August 2023. However, operations at our biomethane plant were temporarily suspended in October 2023 after a fire incident, as disclosed in Section 7.18.4 of this Prospectus. Restoration works were completed in May 2024 and we have since resumed operations at the said plant.

We are committed to exploring and investing in renewable energy sources. In this regard, we have ventured into the production and sale of biomethane, which is produced from palm oil mill effluent, a waste product generated during the production of CPO and PK. Biomethane is a purified form of biogas and can be used as a cleaner and more sustainable substitute for natural gas. In order to facilitate the sale of our biomethane, we have entered into gas purchase agreements with Gas Malaysia Green Ventures, which ensures that we have a reliable and consistent market for our biomethane. The revenue from our renewable energy business segment is recognised at point in time when the biomethane is delivered and transferred to Gas Malaysia Green Ventures.

The breakdown of our revenue during the Financial Years Under Review is set out below:

	<-----	Audited	-----	-----	-----	-----	-----	----->
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
CPO	872,185	85.4	1,308,543	84.5	1,486,584	84.9	1,078,339	86.0
PK	129,552	12.7	219,089	14.1	242,449	13.8	161,548	12.9
FFB	6,978	0.7	3,945	0.3	-	-	-	-
	1,008,715	98.8	1,531,577	98.9	1,729,033	98.7	1,239,887	98.9
Sale of agricultural machinery and parts	7,900	0.8	12,952	0.8	16,176	0.9	7,268	0.6
Sale of seeds and landscaping services	3,029	0.3	3,401	0.2	4,227	0.3	5,088	0.4
Training and advisory services	1,115	0.1	1,305	0.1	2,209	0.1	585	*
	12,044	1.2	17,658	1.1	22,612	1.3	12,941	1.0
Renewable energy	-	-	-	-	-	-	617	0.1
Total	**1,020,759**	**100.0**	**1,549,235**	**100.0**	**1,751,645**	**100.0**	**1,253,445**	**100.0**

Note:

* Less than 0.1%.

Commentaries on revenue

Comparison between FYE 2021 and FYE 2020

Our revenue increased by 51.8% to RM1,549.2 million for the FYE 2021 (FYE 2020: RM1,020.8 million) mainly due to increases in revenue from selling CPO and PK.

CPO

Our revenue from the sale of CPO increased by 50.0% to RM1,308.5 million for the FYE 2021 (FYE 2020: RM872.2 million) due to higher CPO selling prices during the FYE 2021. This was partially offset by lower volume of CPO delivered. The table below sets out our average CPO selling price and CPO delivery volume for the years indicated:

	FYE 2020	**FYE 2021**	**Variance**
Average CPO selling price (RM per MT)	2,753	4,422	60.6%
CPO delivery volume (MT)	316,840	295,887	(6.6%)
Revenue[(1)] (RM million)	872.2	1,308.5	50.0%
Average CPO price by MPOB (RM per MT)	2,686	4,407	64.1%

Note:

(1) Computed as average CPO selling price multiplied by CPO delivery volume.

Our average CPO selling price was higher during the FYE 2021 as compared to the FYE 2020 mainly due to both lower overall supply of CPO in the local market as a result of labour shortages and strong demand from our customers throughout this period. The average CPO price reported by MPOB increased from RM2,686 per MT in 2020 to RM4,407 per MT in 2021. According to MPOB, the increase in CPO price in 2021 was due to firmer prices of soybean oil in the global market, labour shortages on oil palm plantations, lower domestic stock of palm oil, firmer Brent crude oil prices in the global market and higher palm oil exports to major importing countries, especially to India.

We recorded a higher average CPO selling price as compared to the average CPO price reported by MPOB due to a larger proportion of our sales being comprised of sales of RSPO-certified CPO at higher prices, compared to non-RSPO-certified CPO. The strong demand for RSPO-certified CPO was primarily driven by regulations and policies in the European Union and the United States that imposed higher quality standards on imported palm oil products.

Our CPO delivery volume decreased during the FYE 2021 as FFB production during the year was significantly impacted by extremely low rainfall during the 1st half of 2019, which in turn adversely impacted FFB production over the next 24 months. The prolonged dry conditions induced moisture stress in the oil palms, which led to reduced production because a higher percentage of FFB was not suitable for processing and also led to declining FFB yields for the FYE 2021 as compared to the FYE 2020.

In addition, due to a national freeze on recruitment of foreign workers during the COVID-19 pandemic, we experienced labour shortage as we were not able to hire new foreign workers to replace those that returned to their home country during the pandemic, and this in turn affected our plantation operations. The lower production of FFB was partially offset by an increase in volume of FFB purchased.

PK

Our revenue from the sale of PK increased by 69.1% to RM219.1 million for the FYE 2021 (FYE 2020: RM129.6 million) due to higher PK selling prices during the FYE 2021. This was partially offset by lower volume of PK delivered. The table below sets out our average PK selling price and PK delivery volume for the years indicated:

	FYE 2020	FYE 2021	Variance
Average PK selling price (RM per MT)	1,625	2,887	77.7%
PK delivery volume (MT)	79,717	75,892	(4.8%)
Revenue(1) (RM million)	129.6	219.1	69.1%
Average PK price by MPOB (RM per MT)	1,532	2,773	81.0%

Note:

(1) Computed as the average PK selling price multiplied by PK delivery volume.

The increase in average PK selling price and decrease in PK delivery volume were attributed to the same factors as explained above that drove the increase in CPO selling prices and decrease in CPO delivery volume during the FYE 2021. MPOB also reported an increase in average PK price from RM1,532 per MT in 2020 to RM2,773 per MT in 2021.

FFB

During the FYE 2021, our revenue from selling FFB decreased by 44.3% to RM3.9 million (FYE 2020: RM7.0 million). The decrease in sales of FFB to third parties coincided with an increase in processing of produced FFB at our own POMs and reflects our shift in FFB management strategy towards using all of our FFB for our own production of CPO and PK.

Trading and support services

The table below sets out the breakdown of our revenue from our trading and support services:

	FYE 2020 (RM'000)	FYE 2021 (RM'000)	Variance
Sale of agricultural machinery and parts	7,900	12,952	63.9%
Sale of seeds and landscaping services	3,029	3,401	12.3%
Training and advisory services	1,115	1,305	17.0%
	12,044	**17,658**	

Our revenue from trading and support services increased by 47.5% to RM17.7 million for the FYE 2021 (FYE 2020: RM12.0 million) mainly due to higher sales of agricultural machineries, equipment, and spare parts (in particular, a higher volume of orders compared to the previous year of an upgraded version of the mechanical buffalo), fees generated from the rental of machinery to third parties (in particular, mechanical buffalo), and more training services being carried out.

Comparison between FYE 2022 and FYE 2021

Our revenue increased by 13.1% to RM1,751.6 million for the FYE 2022 (FYE 2021: RM1,549.2 million) mainly due to higher revenue from selling CPO and PK.

CPO

Our revenue from the sale of CPO increased by 13.6% to RM1,486.6 million for the FYE 2022 (FYE 2021: RM1,308.5 million) due to higher CPO selling prices during the FYE 2022. This was partially offset by lower volume of CPO delivered. The table below sets out our average CPO selling price and CPO delivery volume for the years indicated:

	FYE 2021	FYE 2022	Variance
Average CPO selling price (RM per MT)	4,422	5,177	17.1%
CPO delivery volume (MT)	295,887	287,147	(3.0%)
Revenue(1) (RM million)	1,308.5	1,486.6	13.6%
Average CPO price by MPOB (RM per MT)	4,407	5,088	15.5%

Note:

(1) Computed as the average CPO selling price multiplied by CPO delivery volume.

Our average CPO selling price rose further by 17.1% during the FYE 2022 (FYE 2021: 60.6%) mainly due to a continued overall lower supply of CPO in the market, while the demand from our customers remained resilient throughout this period. The average CPO price reported by MPOB increased from RM4,407 per MT in 2021 to RM5,088 per MT in 2022. According to MPOB, the increase was due to firmer prices of soybean oil and Brent crude oils in the global market and weaker Ringgit relative to the U.S. Dollar, which made palm oil more competitive than other vegetable oils. Furthermore, such increase was also caused by the prolonged Ukraine-Russia conflict, which disrupted the sunflower oil supply chain globally, causing a surge in the demand for palm oil as a replacement for sunflower oil. Indonesia's CPO export ban and increased export levies, India's lower vegetable oil import duty and drought in Argentina also kept supply tensions low in the oilseeds market and led to higher vegetable oil prices, according to MPOB.

We continued to record a higher average CPO selling price as compared to the average CPO price reported by MPOB due to an increase in demand for RSPO-certified CPO, which increased our sales of RSPO-certified CPO to our customers.

Our CPO delivery volume decreased during the FYE 2022 due to labour shortage in the Malaysian plantation market, which required us to utilise less skilled harvesters on our plantation estates and caused more FFB to be harvested at sub-optimal times. The lower quality of FFB from our plantation estates contributed to a marginally lower oil extraction rate of 20.3% during the FYE 2022 (FYE 2021: 20.8%).

The labour shortage in Malaysia also adversely affected FFB production at third-party plantation estates, which also contributed to our lower CPO production by limiting our ability to purchase additional FFB for processing at our POMs. In addition, our POMs operated less efficiently because we were unable to operate on schedule, and had to postpone preventive maintenance work due to delays in obtaining spare parts such as steam turbine shaft which has also resulted in our lower CPO production.

PK

Our revenue from the sale of PK increased by 10.6% to RM242.4 million for the FYE 2022 (FYE 2021: RM219.1 million) due to higher PK selling prices during the FYE 2022. This was partly offset by lower volume of PK delivered. The table below sets out our average PK selling price and PK delivery volume for the years indicated:

	FYE 2021	FYE 2022	Variance
Average PK selling price (RM per MT)	2,887	3,218	11.5%
PK delivery volume (MT)	75,892	75,348	(0.7%)
Revenue[(1)] (RM million)	219.1	242.4	10.6%
Average PK price by MPOB (RM per MT)	2,773	3,118	12.4%

Note:

(1) Computed as the average PK selling price multiplied by PK delivery volume.

The increase in average PK selling price and decrease in PK delivery volume were attributed to the same factors as explained above that drove the increase in CPO selling prices and decrease in CPO delivery volume during the FYE 2022. MPOB also reported an increase in average PK price from RM2,773 per MT in 2021 to RM3,118 per MT in 2022.

FFB

During the FYE 2022, no revenue was generated from the sale of FFB as all of the FFB produced on our plantation estates were used for our own production of CPO and PK.

Trading and support services

The table below sets out the breakdown of our revenue from our trading and support services:

	FYE 2021 (RM'000)	FYE 2022 (RM'000)	Variance
Sale of agricultural machinery and parts	12,952	16,176	24.9%
Sale of seeds and landscaping services	3,401	4,227	24.3%
Training and advisory services	1,305	2,209	69.3%
	17,658	**22,612**	

Our revenue from trading and support services increased by 27.7% to RM22.6 million for the FYE 2022 (FYE 2021: RM17.7 million), primarily due to higher sales of agricultural machineries, equipment and spare parts (in particular, a higher volume of orders compared to the previous year of an upgraded version of a mechanical buffalo) and fees generated on machinery that we rented to third parties.

Comparison between FYE 2023 and FYE 2022

Our revenue decreased by 28.4%, to RM1,253.4 million for the FYE 2023 (FYE 2022: RM1,751.6 million) mainly due to lower revenue from selling CPO and PK.

CPO

Our revenue from the sale of CPO decreased by 27.5% to RM1,078.3 million for the FYE 2023 (FYE 2022: RM1,486.6 million) due to lower volume of CPO delivered and lower CPO selling prices during the FYE 2023. The table below sets out our average CPO selling price and CPO delivery volume for the years indicated:

	FYE 2022	FYE 2023	Variance
Average CPO selling price (RM per MT)	5,177	3,989	(22.9%)
CPO delivery volume (MT)	287,147	270,347	(5.9%)
Revenue(1) (RM million)	1,486.6	1,078.3	(27.5%)
Average CPO price by MPOB (RM per MT)	5,088	3,810	(25.1%)

Note:

(1) Computed as the average CPO selling price multiplied by CPO delivery volume.

CPO delivery volume decreased during the FYE 2023 due to lower oil extraction rate of 19.9% for the FYE 2023 (FYE 2022: 20.3%). The decrease in oil extraction rate was primarily due to adverse weather conditions and flooding on our plantation estates in March 2023, which adversely affected the quality of the FFB harvested from our plantation estates during the said period.

Lower CPO selling prices also contributed to the decrease in revenue from the sale of CPO. Our average CPO selling price decreased by 22.9% to RM3,989 per MT during the FYE 2023 (FYE 2022: RM5,177 per MT) mainly due to lower market CPO prices. The declining trend in the price of CPO was driven by lower demand for palm oil products relative to increasing supply due to the lifting of export ban by Indonesia in May 2023 and an increase in the use of other alternative vegetable oils such as rapeseed oil and sunflower oil, as well as general weakness in economic growth leading to lower demand from major importing markets such as China and the European Union. The average CPO price reported by MPOB decreased to RM3,810 per MT during the FYE 2023 (FYE 2022: RM5,088 per MT). The decrease in our average CPO selling price also reflects the decreasing average CPO price reported by MPOB.

We recorded a higher average CPO selling price than the average CPO price reported by MPOB due to a larger proportion of our sales being comprised of sales of RSPO-certified CPO at higher prices, compared to non-RSPO-certified CPO. Even as CPO selling prices generally declined, RSPO-certified CPO continued to sell at higher prices than non-RSPO-certified CPO.

PK

Our revenue from the sale of PK decreased by 33.4% to RM161.5 million for the FYE 2023 (FYE 2022: RM242.4 million) due to lower volume of PK delivered and lower PK selling prices. The table below sets out our average PK selling price and PK delivery volume for the years indicated:

	FYE 2022	**FYE 2023**	**Variance**
Average PK selling price (RM per MT)	3,218	2,223	(30.9%)
PK delivery volume (MT)	75,348	72,675	(3.5%)
Revenue[(1)] (RM million)	242.4	161.5	(33.4%)
Average PK price by MPOB (RM per MT)	3,118	2,016	(35.3%)

Note:

(1) Computed as the average PK selling price multiplied by PK delivery volume.

The decreases in average PK selling price and PK delivery volume were due to the same factors as explained above that drove the decreases in CPO selling prices and CPO delivery volume. The average PK price reported by MPOB decreased to RM2,016 per MT during the FYE 2023 (FYE 2022: RM3,118 per MT). The decrease in our average PK selling price also reflects the decreasing average PK price reported by MPOB.

FFB

During the FYE 2023, no revenue was generated from the sale of FFB as all of the FFB produced on our plantation estates were used for our own production of CPO and PK.

Trading and support services

The table below sets out the breakdown of our revenue from our trading and support services:

	FYE 2022 (RM'000)	**FYE 2023 (RM'000)**	**Variance**
Sale of agricultural machinery and parts	16,176	7,268	(55.1%)
Sale of seeds and landscaping services	4,227	5,088	20.4%
Training and advisory services	2,209	585	(73.5%)
	22,612	12,941	

Our revenue from trading and support services decreased by 42.9% to RM12.9 million for the FYE 2023 (FYE 2022: RM22.6 million), primarily due to lower sales of agricultural machineries, equipment and spare parts, in particular, a decrease in sales of mechanical buffalo due to weaker demand from customers as we experienced a slowdown in orders for an upgraded mechanical buffalo model which had higher orders when the upgraded model was first introduced during the FYE 2021. We also recorded a decrease in sales of spare parts due to increased competition on pricing offered by other suppliers in the market.

Renewable energy

Our biomethane plant at Sedenak POM commenced commercial operations in June 2023. During the FYE 2023, we generated revenue of approximately RM0.6 million (FYE 2022: Nil) from the sale of 22,021 million British thermal units of biomethane to Gas Malaysia Green Ventures at a selling price of RM28 per unit of biomethane between August 2023 and October 2023. Operations at our biomethane plant were temporarily suspended in October 2023 after a fire incident. Restoration works were completed in May 2024 and we have since resumed operations at the said plant. Please refer to Section 7.18.4 of this Prospectus in relation to the interruption to our biomethane plant at Sedenak POM due to the fire incident.

(ii) Cost of sales

Our cost of sales comprises plantation estate costs, POM costs and trading and services support costs as described below.

(a) Plantation estate costs

- **Manuring and harvesting**

  Manuring and harvesting costs include costs to purchase fertilisers and manures used in our plantation estates, and labour costs to spread fertiliser and to harvest FFB. This also includes replanting costs such as costs relating to ground clearing, terracing, replanting, planting of ground cover and crop establishment, fertilising, and crop management incurred during the replanting period. Our replanting costs are initially capitalised as bearer assets. After the replanting period and when the oil palm tree matures, the accumulated replanting cost is charged to profit and loss, and proportionately amortised over 22 years, which is the estimated useful life of the asset.

- **Depreciation and amortisation**

  Depreciation and amortisation costs consist of depreciation charges on bearer plants' planting cost, estate and mills building, machinery and equipment, motor vehicles and infrastructure at our estates and mills, as well as amortisation of prepaid lease rentals for the rights to use leasehold lands, and intangible assets such as trademarks.

- **General and other charges**

  General and other charges include salaries, bonus, licenses, administrative expenses and miscellaneous charges related to thinning (such as removal of some plants, or parts of plants, to make room for the growth of others) and supplying (such as replanting of propagative materials where they fail to germinate), soil conversion, pruning, marking and census (such as counting plants for monitoring purposes).

- **Windfall profit levy**

  Windfall profit levy is a levy imposed on all oil palm plantations (if the plantations exceed 40.6 Ha) by the Government at a rate of 3% on palm oil prices above a threshold of RM3,000 per MT in Peninsular Malaysia for the FYE 2022 and FYE 2023, and RM2,500 per MT for the FYE 2020 and FYE 2021.

- **Transportation**

  Transportation costs are the costs of transporting harvested FFB from our plantation estates to our POMs.

(b) POM costs

- **Purchase of FFB**

  We purchase FFB from third-party producers for processing at our POMs, including RSPO-certified FFB, which accounted for approximately 36.2%, 40.5%, 34.9% and 28.4% of our total cost of sales for the Financial Years Under Review respectively. We purchased lesser FFB during the FYE 2023 as a result of the flooding in March 2023.

- **General and other charges**

  General and other charges include salaries, bonus, licenses and administrative expenses and miscellaneous charges related to POM operations and administration.

- **Processing cost**

  Processing cost relates to the costs incurred to run our POMs and process FFB, which includes labour cost.

- **Transportation cost**

  Transportation cost is the cost of transporting CPO and PK from our POMs to our customers.

(c) Trading and support services costs

Trading cost is related to sales of agricultural machineries and parts (such as mechanical buffalo, tractors and spare parts), while service cost is related to the cost of providing occupational safety and health training and advisory services (such as cost of conducting consultations, trainings and inspections related to health and safety compliance) and for managing oil palm nurseries (such as maintenance of oil palm seedlings, ornamental crop management and landscaping).

(d) Renewable energy costs

Cost of sales for our renewable energy segment mainly consists of labour cost, depreciation charges on plant and machinery, rental cost, and upkeep and maintenance cost.

The breakdown of our cost of sales by cost components during the Financial Years Under Review is set out below:

	<-----Audited							----->
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Plantation estate costs								
• Manuring and harvesting	151,349	20.6	172,044	18.7	221,744	22.6	256,280	28.8
• Depreciation and amortisation	67,633	9.2	79,911	8.7	77,770	7.9	81,086	9.1
• General and other charges(1)	106,171	14.4	103,307	11.2	115,040	11.7	116,694	13.1
• Windfall profit levy	16,998	2.3	61,798	6.7	65,892	6.7	25,184	2.8
• Transportation	32,828	4.5	36,117	3.9	45,348	4.6	42,525	4.8
	374,979	51.0	453,177	49.2	525,794	53.5	521,769	58.6
POM costs								
• Purchase of FFB	266,128	36.2	373,375	40.5	342,855	34.9	251,694	28.3
• General and other charges(1)	39,178	5.3	36,152	3.9	42,941	4.4	52,032	5.8
• Processing cost	36,210	4.9	36,183	3.9	42,586	4.3	42,235	4.7
• Transportation	9,905	1.3	9,148	1.0	10,384	1.1	11,203	1.3
	351,421	47.7	454,858	49.3	438,766	44.7	357,164	40.1
Trading and support services cost	9,380	1.3	13,452	1.5	17,138	1.8	9,742	1.1
Renewable energy costs	-	-	-	-	-	-	1,717	0.2
Total	**735,780**	**100.0**	**921,487**	**100.0**	**981,698**	**100.0**	**890,392**	**100.0**

Note:

(1) General and other charges include salaries, bonus, licenses, administrative expenses and miscellaneous charges related to the operations and administration of our plantation segment.

Commentaries on cost of sales

Comparison between FYE 2021 and FYE 2020

Our cost of sales increased by 25.2% to RM921.5 million for the FYE 2021 (FYE 2020: RM735.8 million) mainly due to higher plantation estate costs and POM costs.

Our plantation estate costs increased by 20.9% to RM453.2 million for the FYE 2021 (FYE 2020: RM375.0 million) primarily due to increases in windfall profit levy, as well as manuring and harvesting costs. We recorded an increase in windfall profit levy of RM44.8 million due to higher MPOB's average CPO price, which increased from RM2,686 per MT in 2020 to RM4,407 per MT in 2021, and was substantially above the CPO price threshold of RM2,500 per MT for Peninsular Malaysia.

In addition, our depreciation and amortisation costs increased by 18.2% to RM79.9 million during the FYE 2021 (FYE 2020: RM67.6 million) due to the addition of the Malay Reserved Estates to our estate portfolio and acquisitions of property, plant and equipment (such as acquisition of agricultural vehicles, furniture and fittings, office equipment and software, and other plant and machinery).

Our POM costs increased by 29.5% to RM454.9 million for the FYE 2021 (FYE 2020: RM351.4 million) primarily due to an increase in average FFB purchase price from RM580 per MT during the FYE 2020 to RM977 per MT during the FYE 2021. This was in line with the increase in the average FFB price for Peninsular Malaysia reported by MPOB from RM561 per MT for the FYE 2020 to RM955 per MT for the FYE 2021.

The increase in trading and support services costs during the FYE 2021 was in line with the increase in revenue for this segment during the same period.

Comparison between FYE 2022 and FYE 2021

Our cost of sales increased by 6.5% to RM981.7 million for the FYE 2022 (FYE 2021: RM921.5 million), primarily due to higher plantation estate costs, which was partially offset by lower POM costs.

Our plantation estate costs increased by 16.0% to RM525.8 million for the FYE 2022 (FYE 2021: RM453.2 million) mainly due to higher manuring costs and general and other charges. The increase in our plantation estate costs was offset by lower POM costs, which decreased by 3.5% to RM438.8 million for the FYE 2022 (FYE 2021: RM454.9 million), as we purchased fewer FFB due to supply constraints in the market, which was partially offset by increases in general and other charges as well as processing costs.

The increase in trading and support services costs during the FYE 2022 was in line with the increase of revenue for this segment during the same period.

Comparison between FYE 2023 and FYE 2022

Our cost of sales decreased by 9.3% to RM890.4 million for the FYE 2023 (FYE 2022: RM981.7 million) primarily due to lower POM costs.

Our plantation estate costs decreased by 0.8% to RM521.8 million for the FYE 2023 (FYE 2022: RM525.8 million) mainly due to lower windfall profit levy. We recorded lower windfall profit levy of RM25.2 million for the FYE 2023 (FYE 2022: RM65.9 million) due to a lower MPOB average CPO price, which decreased to RM3,810 per MT for the FYE 2023 (FYE 2022: RM5,088 per MT) and was closer to the CPO price threshold of RM3,000 per MT for Peninsular Malaysia. This was partly offset by higher manuring and harvesting costs.

Our manuring and harvesting costs increased by 15.6% to RM256.3 million for the FYE 2023 (FYE 2022: RM221.7 million) mainly due to a 46.6% increase in manuring costs to RM166.6 million (FYE 2022: RM113.8 million) as we implemented our manuring programme in the FYE 2023, which was deferred from the FYE 2022 when a labour shortage led us to re-allocate available labour to FFB harvesting instead of manuring. This was partially offset by a decrease in harvesting costs of 16.9% to RM89.7 million in the FYE 2023 (FYE 2022: RM107.9 million) due to a decrease in harvesting activities in line with the decrease in our FFB production caused by adverse weather conditions and flooding on our plantation estates in March 2023.

Our POM costs decreased by 18.6% to RM357.2 million for the FYE 2023 (FYE 2022: RM438.8 million) as we purchased less FFB due to supply constraints in the market as a result of the flooding in Johor in March 2023. Such decrease was partially offset by increases in general and other charges due to the increase in labour costs as a result of the implementation of the increase in the minimum wage by 25% from RM1,200 a month to RM1,500 a month which came into effect in May 2022. The full year effect of the increase in the minimum wage was reflected during the FYE 2023.

The decrease in trading and support services costs during FYE 2023 was mainly due to lower volume of transactions for this segment during the year.

(iii) GP and GP margin

The breakdown of our GP and GP margin during the Financial Years Under Review is set out below:

	<------Audited							------>
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
GP								
Plantation	282,315	99.1	623,542	99.3	764,473	99.3	360,954	99.4
Trading and support services	2,664	0.9	4,206	0.7	5,474	0.7	3,199	0.9
Renewable energy	-	-	-	-	-	-	(1,100)	(0.3)
Total	**284,979**	**100.0**	**627,748**	**100.0**	**769,947**	**100.0**	**363,053**	**100.0**
GP margin								
Plantation		28.0%		40.7%		44.2%		29.1%
Trading and support services		22.1%		23.8%		24.2%		24.7%
Renewable energy		-		-		-		(178.3%)
Total		**27.9%**		**40.5%**		**44.0%**		**29.0%**

Commentaries on GP and GP margin

<u>Comparison between FYE 2021 and FYE 2020</u>

Our GP increased by 120.2% to RM627.7 million for the FYE 2021 (FYE 2020: RM285.0 million) primarily due to higher revenue as explained in Section 12.3.2(i) of this Prospectus, coupled with a moderate increase in cost of sales.

During the FYE 2021, we recorded a significant increase in revenue of 51.8% owing largely to increases in CPO and PK selling prices. Meanwhile, our cost of sales during the FYE 2021 increased at a slower rate of 25.2% as compared to the increase in our revenue. In particular, our manuring and harvesting costs only increased by 13.7% to RM172.0 million for the FYE 2021 (FYE 2020: RM151.3 million) due to fixed labour costs to spread fertiliser and to harvest FFB, which is tied to the minimum wage. In addition, certain costs included in our cost of sales are also fixed, such as depreciation and amortisation.

As a result of the above, our GP margin increased to 40.5% for the FYE 2021 (FYE 2020: 27.9%).

<u>Comparison between FYE 2022 and FYE 2021</u>

Our GP increased by 22.7% to RM769.9 million for the FYE 2022 (FYE 2021: RM627.7 million) primarily due to higher revenue as explained in Section 12.3.2(i) of this Prospectus, coupled with a more moderate increase in cost of sales.

During the FYE 2022, our revenue increased by 13.1%, which was largely driven by the increase in average CPO and PK selling prices. Meanwhile, our cost of sales which increased by 6.5% for the FYE 2022, increased at a slower rate as compared to the increase in our revenue, as certain costs included in our cost of sales are fixed, such as depreciation and amortisation and labour costs, which was partially offset by an increase in the minimum wage beginning in May 2022.

As a result of the above, our GP margin increased to 44.0% for the FYE 2022 (FYE 2021: 40.5%). Our GP margin increased at a higher rate between FYE 2020 and FYE 2021 of 12.6% than between FYE 2021 and FYE 2022 of 3.5%, primarily due to the larger year-on-year increase in CPO selling prices in the FYE 2021 as explained in Section 12.3.2(i) of this Prospectus. With a moderate year-on-year increase in CPO selling prices in the FYE 2022, our GP margin also increased at a moderate rate.

<u>Comparison between FYE 2023 and FYE 2022</u>

Our GP decreased by 52.8% to RM363.1 million for the FYE 2023 (FYE 2022: RM769.9 million) primarily due to lower revenue as explained in Section 12.3.2(i) of this Prospectus.

During the FYE 2023, our revenue decreased by 28.4%, mainly due to lower revenue from decrease in CPO and PK selling prices. Meanwhile, our cost of sales decreased at a slower rate of 9.3% as compared to the decrease in our revenue due to the increase in manuring costs as a result of higher cost of fertiliser which had been purchased in 2022. We deferred part of our planned manuring activities in the FYE 2022 to the FYE 2023 due to shortage of labour and re-allocated our available labour to FFB harvesting.

For the FYE 2023, we recorded a gross loss of approximately RM1.1 million under our renewable energy segment as the revenue generated for the 3 months prior to the fire incident was insufficient to cover our fixed operating cost during the financial year.

As a result of the above, our GP margin decreased to 29.0% for the FYE 2023 (FYE 2022: 44.0%).

(iv) Other income

The breakdown of our other income during the Financial Years Under Review is set out below:

	<----------Audited---------->							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Gain on fair value change for biological assets(1)	13,257	55.9	20,317	65.7	-	-	2,479	16.5
Sale of by-products(2)	8,198	34.6	7,068	22.8	5,619	51.3	7,496	49.9
Analysis fee(3)	806	3.4	712	2.3	1,418	12.9	1,515	10.1
Trading of CPO(4)	-	-	330	1.1	1,080	9.9	-	-
Management fee(5)	806	3.4	728	2.4	450	4.1	629	4.2
Sales of seeds	51	0.2	267	0.9	627	5.7	-	-
Sale of scrap	107	0.4	469	1.5	374	3.4	358	2.4
Rental income	496	2.1	567	1.8	590	5.4	684	4.6
Waiver of amount due to the JCorp Group(6)	-	-	-	-	-	-	1,178	7.8
Others(7)	-	-	476	1.5	803	7.3	680	4.5
Total	**23,721**	**100.0**	**30,934**	**100.0**	**10,961**	**100.0**	**15,019**	**100.0**

Notes:

(1) We record gain from increases in fair value of our biological assets, namely the fruits on our oil palms on our plantation estates. To determine the fair value of the oil palm fruits, we consider the oil content of all unripe FFB that, as of the testing date, is at least one week after pollination and no more than one week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting is excluded from the valuation as their fair values are considered to be negligible. The fair value of FFB is calculated using the income approach which considers the net present value of all directly attributable net cash flows, including imputed contributory asset charges.

(2) The sale of by-products comprises of the sale of PK shell, sludge oil or commonly referred to as palm oil mill effluent, mesocarp fibre, boiler ash and EFB from our estates and POMs.

(3) We charge analysis fees to third parties such as smallholders who use our laboratory for fertiliser and domestic water quality analysis.

(4) As CPO is a widely traded commodity in Malaysia, we engage in buying and selling CPO that is produced and sold by third parties in the open market to generate additional income based on market conditions. When such trading results in a net gain, such gain is recorded as other income.

(5) We manage 3 third-party plantation estates located in Johor with total land area of 1,549 Ha as at LPD. We charge management fees for our management of estates owned by third parties and we purchase all the FFB harvested from the owners of these estates.

(6) This relates to the waiver of outstanding trade and non-trade debts owed by JPG Planterra to Johor Foods Sdn Bhd, a wholly-owned subsidiary of JCorp. In December 2022, Johor Foods Sdn Bhd agreed to waive the entire outstanding debts owed by JPG Planterra amounting to approximately RM1.2 million in conjunction with the Capitalisation to eliminate all debts owing by us to the JCorp Group, save for trade debts which are within credit period.

(7) Others include, among others, proceeds from recovered insurance related to equipment, proceeds from the sale of equipment, fair value changes on derivatives, and unrealised gain on foreign exchange.

Commentaries on other income

Our other income increased by 30.4% to RM30.9 million for the FYE 2021 (FYE 2020: RM23.7 million), mainly due to the increase in fair value change on biological assets as a result of higher estimation of selling prices of FFB which was in line with the increase in average CPO price.

Our other income decreased by 64.4% to RM11.0 million for the FYE 2022 (FYE 2021: RM30.9 million) as there was no gain on fair value change on biological assets during the FYE 2022 (FYE 2021: RM20.3 million). Due to lower FFB prices, we recorded a loss on fair value changes for biological assets during the FYE 2022 as reflected in our other operating expenses in Section 12.3.2(vi) of this Prospectus.

Our other income increased by 36.4% to RM15.0 million for the FYE 2023 (FYE 2022: RM11.0 million), mainly due to gain on fair value change on biological assets for the FYE 2023 as a result of higher production of FFB, increase in the sale of by-products (due to higher volume of mesocarp fibre being produced, higher volume of sludge oil available for sale during the FYE 2023 which were not sold in the previous year and an increase in price for PK shell due to low supply) and a waiver of the amount that we owed to the JCorp Group.

(v) Administrative expenses

The breakdown of our administrative expenses during the Financial Years Under Review is set out below:

	<-----Audited							---->
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Staff cost and employee benefit	52,439	53.0	52,506	52.7	70,157	55.4	54,596	55.1
Professional fees	5,007	5.0	3,115	3.1	12,077	9.5	10,615	10.7
Office supplies and expenses	16,157	11.0	18,489	18.6	17,429	13.8	14,995	15.1
Amortisation and depreciation	10,292	13.7	8,796	8.8	9,503	7.5	5,749	5.8
Repair and maintenance	7,143	7.2	7,216	7.2	7,292	5.8	4,179	4.2
Donation	1,526	1.5	3,178	3.2	4,216	3.3	3,083	3.1
Utility charges	2,225	2.2	2,262	2.3	1,899	1.5	2,255	2.3
Others[(1)]	4,220	4.3	4,057	4.1	4,031	3.2	3,655	3.7
Total	**99,009**	**100.0**	**99,619**	**100.0**	**126,604**	**100.0**	**99,127**	**100.0**

Note:

(1) Others include quit rent, amortisation of loan agreement fees and vehicle running expenses.

Commentaries on administrative expenses

Our administrative expenses remained relatively consistent at RM99.6 million for the FYE 2021 as compared to the FYE 2020 at RM99.0 million.

Our administrative expenses increased by 27.1% to RM126.6 million for the FYE 2022 (FYE 2021: RM99.6 million) primarily due to higher staff cost and employee benefits, which increased by RM17.7 million, as a result of the increase in the minimum monthly wage of employees during the FYE 2022 from RM1,200 to RM1,500, and higher professional fees, mainly related to the Pre-Listing Restructuring and our IPO.

Our administrative expenses decreased by 21.7% to RM99.1 million for the FYE 2023 (FYE 2022: RM126.6 million) primarily due to lower staff cost and employee benefit, which decreased by RM15.6 million, as a result of lower provision of bonus and retirement gratuity, as well as reduction in our headcount upon the completion of the Pre-Listing Restructuring as some staff were retained by Kulim for its non-plantation-related business during the financial year.

[The rest of this page is intentionally left blank]

(vi) Other operating expenses

The breakdown of our other operating expenses during the Financial Years Under Review is set out below:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Fair value change on biological assets[1]	-	-	-	-	16,752	100.4	-	-
Loss on trading of CPO[2]	2,116	39.1	-	-	-	-	-	-
(Reversal of allowance) / Allowance for impairment losses on receivables	(776)	(14.3)	(337)	(8.9)	(546)	(3.3)	221	5.2
COVID-19 expenses	3,252	60.0	3,842	101.5	-	-	-	-
Writing off of property, plant and equipment	805	14.8	66	1.7	232	1.4	3,763	89.3
Others[3]	22	0.4	214	5.7	251	1.5	232	5.5
Total	**5,419**	**100.0**	**3,785**	**100.0**	**16,689**	**100.0**	**4,216**	**100.0**

Notes:

(1) Please refer to Section 12.3.2(iv) of this Prospectus for information on fair value changes for our biological assets. Changes in the fair value of our biological assets, less estimated costs (net value) to sell the same agricultural produce, are included in our other operating expenses for the financial year when they result in a loss.

(2) Please refer to Note (4) of Section 12.3.2(iv) of this Prospectus for information on our trading of CPO. When such trading results in a net loss, such loss is recorded as an operating expense.

(3) Others include write-off of inventories and loss on disposal of subsidiaries.

Commentaries on other operating expenses

Our other operating expenses decreased by 29.6% to RM3.8 million for the FYE 2021 (FYE 2020: RM5.4 million) as we recorded a gain on trading of CPO (under other income), as compared to a loss on trading of CPO in the previous financial year. The loss on trading of CPO for the FYE 2020 was related to buying back of CPO forward contracts at current market price due to non-delivery of CPO.

Our other operating expenses increased by 339.5% to RM16.7 million for the FYE 2022 (FYE 2021: RM3.8 million) primarily due to a loss on fair value changes for biological assets as a result of lower selling prices of FFB.

Our other operating expenses decreased by 74.9% to RM4.2 million for the FYE 2023 (FYE 2022: RM16.7 million) due to absence of loss on fair value change on biological assets during the financial year. This was offset by higher property, plant and equipment written off.

12. FINANCIAL INFORMATION (CONT'D)

(vii) Finance income

The breakdown of our finance income during the Financial Years Under Review is set out below:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest income from:								
• deposits with licensed banks	2,639	92.8	2,016	91.1	2,767	59.6	2,494	89.6
• other receivables	204	7.2	197	8.9	1,876	40.4	289	10.4
Total	**2,843**	**100.0**	**2,213**	**100.0**	**4,643**	**100.0**	**2,783**	**100.0**

Commentaries on finance income

Our finance income decreased by 21.4% to RM2.2 million for the FYE 2021 (FYE 2020: RM2.8 million) mainly due to lower finance income from deposits with licensed banks as a result of the decrease in Malaysia's overnight policy rate during 2021.

Our finance income increased by 109.1% to RM4.6 million for the FYE 2022 (FYE 2021: RM2.2 million) mainly due to higher finance income from deposits with licensed banks as a result of the increase in Malaysia's overnight policy rate during 2022, and higher interest earned from other receivables.

Our finance income decreased by 39.1% to RM2.8 million for the FYE 2023 (FYE 2022: RM4.6 million) mainly due to settlement of intercompany receivables during the FYE 2023.

(viii) Finance costs

The breakdown of our finance costs during the Financial Years Under Review is set out below:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest expenses on:								
• term loan	83,257	93.0	66,561	96.6	67,678	92.5	80,902	89.3
• revolving credit	5,682	6.4	1,953	2.8	4,841	6.6	120	0.1
• bank overdraft	3	*	5	*	-	-	-	-
Others[(1)]	562	0.6	424	0.6	619	0.9	9,570	10.6
Total	**89,504**	**100.0**	**68,943**	**100.0**	**73,138**	**100.0**	**90,592**	**100.0**

Notes:

* Less than 0.1%.

(1) 'Others' include interest expense on lease liabilities, interest on loan from related companies and retirement benefits for union employees.

Commentaries on finance costs

Our finance costs decreased by 23.0% to RM68.9 million for the FYE 2021 (FYE 2020: RM89.5 million) primarily as a result of lower interest expense on loans and borrowings following partial repayment of our term loan and revolving credit.

Our finance costs increased by 6.1% to RM73.1 million for the FYE 2022 (FYE 2021: RM68.9 million) due to higher interest expense on loans and borrowings as we obtained additional term loan and revolving credit mainly for the financing of development and construction of our biomethane plant at Sedenak POM.

Our finance costs increased by 23.9% to RM90.6 million for the FYE 2023 (FYE 2022: RM73.1 million) primarily due to higher interest rates as a result of the increase of Malaysia's overnight policy rate to 3.0% in 2023 compared to Malaysia's lower overnight policy rate of 2.3% in 2022, an increase in advance from Kulim of RM144.0 million during the FYE 2023 for our working capital purposes, and an increase in interest expense on lease liabilities due to the extension of rental period pursuant to the Renewal Tenancy Agreement with JCorp. The advance from Kulim, which we have used for our working capital requirement such as the purchase of FFB, fertilisers, spare parts for our equipment, fuel and chemicals, was subsequently settled via the Capitalisation.

(ix) Taxation

Our tax expense together with the comparison between our effective and statutory tax rates during the Financial Years Under Review are set out below:

	<-----Audited			----->
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
Current tax expense				
- Current year	65,440	132,802	198,588	48,118
- (Over)/Under provision in prior year	(2,165)	(4,357)	(6,778)	(25,508)
	63,275	128,445	191,810	22,610
Deferred tax expense				
Origination and reversal of temporary differences	(1,900)	14,028	(123,855)	(5,269)
Under/(Over) provision in prior years	1,335	(2,596)	(401)	2,084
Total deferred tax recognised in profit or loss	(565)	11,432	(124,256)	(3,185)
Total tax expense	**62,710**	**139,877**	**67,554**	**19,425**
Effective tax rate (%)	53.3	28.6	11.9	10.4
Statutory tax rate (%)	24.0	24.0	24.0	24.0

We are subject to income tax at the applicable statutory tax rates in Malaysia. For the Financial Years Under Review, we do not have any outstanding or provision for withholding tax.

Commentaries on taxation

Our effective tax rate for the FYE 2020 of 53.3% was higher than the statutory tax rate of 24.0%, primarily due to non-deductible expenses of RM41.2 million, which comprised mainly depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense above the amount that can be deducted. These non-deductible expenses were partially offset by the tax-exempt income of RM5.9 million, mainly arising from gain on changes in fair value of biological assets.

Our effective tax rate for the FYE 2021 of 28.6% was higher than the statutory tax rate of 24.0%, primarily due to non-deductible expenses of RM32.4 million, which comprised mainly of depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense above the amount that can be deducted. These non-deductible expenses were partially offset by the tax-exempt income of RM2.5 million, mainly arising from gain on changes in fair value of biological assets.

Our effective tax rate for the FYE 2022 of 11.9% was lower than the statutory tax rate of 24.0%, primarily due to reversal of deferred tax liabilities in relation to waiver of real property gain tax of RM113.1 million granted by the Ministry of Finance. This was, however, partially offset by the one-off prosperity tax (Cukai Makmur) of RM17.0 million imposed during the financial year, whereby chargeable income of above RM100.0 million will be taxed at a rate of 33.0%, and non-deductible expenses of RM34.8 million, which comprised mainly depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense above the amount that can be deducted.

Our effective tax rate for the FYE 2023 of 10.4% was lower than the statutory tax rate of 24.0%, primarily due to the absence of one-off prosperity tax and overprovision of tax expenses amounting to RM25.5 million in the prior year as certain finance costs were regarded as tax deductible, as well as non-taxable income of RM11.3 million due to capitalised revenue expenditure from increase in additional immature bearer plants. These significantly reduced our effective tax rate during the financial year. This was partially offset by non-deductible expenses of RM9.3 million, which comprised depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense above the amount that can be deducted.

(x) Zakat

Our zakat expenses were RM2.6 million, RM4.1 million and RM6.2 million for the FYE 2020, FYE 2021 and FYE 2022 respectively. We recorded higher zakat expenses from the FYE 2020 to FYE 2020 due to the increase in our adjusted net current assets for zakat computations.

Our zakat expenses were RM6.2 million and RM1.8 million for the FYE 2022 and FYE 2023, respectively. The lower amount paid was mainly due to the decrease in our adjusted net current assets for zakat computations after the Pre-Listing Restructuring and excluding items that do not meet the conditions for zakat assets and liabilities.

(xi) PBT, PBT margin, PAT and PAT margin

	<--------------------------Audited---------------------------			-->
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
PBT	117,611	488,548	569,120	186,920
PBT margin (%)	11.5	31.5	32.5	14.9
PAT attributable to owners of our Group	52,501	344,796	495,592	167,306
PAT margin (%)	5.1	22.3	28.3	13.3

Commentaries on PBT, PBT margin, PAT and PAT margin

Comparison between FYE 2021 and FYE 2020

For the FYE 2021, our PBT increased by 315.4% to RM488.5 million (FYE 2020: RM117.6 million) primarily due to higher GP as explained in Section 12.3.2(iii) of this Prospectus. In line with the above, our PAT increased by 556.8% to RM344.8 million for the FYE 2021 (FYE 2020: RM52.5 million). The higher PAT in 2021 was also attributed to a lower effective tax rate of 28.6% for the FYE 2021 (FYE 2020: 53.3%) as explained in Section 12.3.2(ix) of this Prospectus. The effective tax rate for the FYE 2020 was higher mainly due to non-deductible expenses consisting of depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense exceeding the amount that can be deducted.

As a result of the above, we recorded higher PBT margin of 31.5% for the FYE 2021 (FYE 2020: 11.5%) and higher PAT margin of 22.3% for the FYE 2021 (FYE 2020: 5.1%).

Comparison between FYE 2022 and FYE 2021

For the FYE 2022, our PBT increased by 16.5% to RM569.1 million (FYE 2021: RM488.5 million) mainly due to higher GP as explained in Section 12.3.2(iii) of this Prospectus. The higher GP for the FYE 2022 was, however, partially offset by higher administrative expenses due to increase in staff costs (mainly because of increase in minimum monthly wage for the FYE 2022 from RM1,200 to RM1,500) and professional fees (incurred for the Pre-Listing Restructuring and our IPO) as explained in Section 12.3.2(v) of this Prospectus.

Our PAT increased by 43.7% to RM495.6 million for the FYE 2022 (FYE 2021: RM344.8 million). Our PAT increased at a higher rate than our PBT due to lower effective tax rate of 11.9% during the FYE 2022 (FYE 2021: 28.6%). As explained in Section 12.3.2(ix) of this Prospectus, this was primarily due to reversal of deferred tax liabilities in relation to waiver of real property gain tax of RM113.1 million granted by the Ministry of Finance, thereby resulting in lower tax expense and was, however, partially offset by the prosperity tax of RM17.0 million imposed during the financial year.

As a result of the above, we recorded higher PBT margin of 32.5% for the FYE 2022 (FYE 2021: 31.5%) and higher PAT margin of 28.3% for the FYE 2022 (FYE 2021: 22.3%).

Comparison between FYE 2023 and FYE 2022

Our PBT decreased by 67.2% to RM186.9 million for the FYE 2023 (FYE 2022: RM569.1 million) mainly due to lower GP as explained in Section 12.3.2(iii) of this Prospectus, coupled with the increase in interest expense due to higher interest rates as well as increase in advance from Kulim by RM144.0 million during the FYE 2023 for our working capital. Such decrease in our GP was partially offset by higher other income, and lower administrative and other operating expenses as explained above.

As a result of the above, we recorded lower PBT margin of 14.9% (FYE 2022: 32.5%) and PAT margin of 13.3% for the FYE 2023 (FYE 2022: 28.3%).

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our working capital is funded through cash generated from our operating activities, various credit facilities extended to us by financial institutions, and our existing cash and cash equivalents. We expect to continue to rely on these sources of funding after completion of the Public Issue.

As at 31 December 2023, we had:

(i) cash and cash equivalents of RM140.7 million and unutilised credit facilities of RM30.8 million; and

(ii) working capital of approximately RM4.6 million, being the difference between current assets of approximately RM358.0 million and current liabilities of approximately RM353.4 million.

After taking into consideration the funding requirements for our expected capital expenditures, our expected cash flows to be generated from our operations, our existing level of cash and cash equivalents, credit facilities available (amounting to approximately RM27.1 million as at the LPD) and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

For information purposes, we are considering to establish the Proposed Sukuk Programme of up to RM3.0 billion after our Listing, further details of which are set out in Section 12.4.4 of this Prospectus. We are not dependent on the Proposed Sukuk Programme to provide sufficient working capital for a period of 12 months from the date of this Prospectus.

12.4.2 Cash flows summary

The summary of our consolidated statements of cash flows during the Financial Years Under Review is set out below:

	<-------------------------Audited			------------------------->
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
Net cash flows generated from operating activities	251,328	481,730	373,310	387,915
Net cash flows used in investing activities	(70,625)	(84,938)	(94,573)	(168,429)
Net cash flows used in financing activities	(147,028)	(354,991)	(451,604)	(104,251)
Net increase/(decrease) in cash and cash equivalents	**33,675**	**41,801**	**(172,867)**	**115,235**
Cash and cash equivalents at the beginning of the financial year	122,844	156,519	198,320	25,453
Cash and cash equivalents at the end of the financial year	156,519	198,320	25,453	140,688

There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and/or loans or advances and compliance with legal requirements and financial covenants.

Commentaries on cash flows

FYE 2020

(i) Net cash flows generated from operating activities

For the FYE 2020, our cash flows generated from operating activities before working capital changes was RM304.7 million. Our net operating cash flow was RM251.3 million after adjusting for, among others, the following decreases in working capital and other cash outflows:

(a) increase in trade and other receivables of RM98.8 million due to increased billings to customers from increased sales during the financial year; and

(b) payment of income taxes and zakat of RM46.1 million and RM2.6 million respectively, which was partially offset by the receipt of tax refund of RM7.6 million.

The above was partly offset by an increase in working capital related to the increase in trade and other payables of RM82.5 million due to the increase in other payables from the rental of Malay Reserved Estates.

(ii) Net cash flows used in investing activities

For the FYE 2020, we recorded net cash flows used in investing activities of RM70.6 million, which was primarily due to the purchase of property, plant and equipment of RM73.5 million, comprising mainly:

(a) pre-cropping expenditure on immature oil palms of RM35.3 million;

(b) additional work in progress relating to plant and machinery of RM23.9 million mainly for the upgrading of our Sedenak POM;

(c) purchase of plant and machinery, furniture and equipment and motor vehicles totaling RM8.2 million; and

(d) acquisition of bearer assets (replanting of oil palms) of RM4.8 million.

The above cash outflows were partly offset by the interest received from placement of deposits in financial institutions of RM2.8 million.

(iii) Net cash flows used in financing activities

For the FYE 2020, we recorded net cash used in financing activities of RM147.0 million. This was mainly used for the repayment of our borrowings of RM354.1 million, dividend paid of RM318.0 million, as well as interest paid for our borrowings of RM90.3 million. The cash outflows were partly offset by the repatriation of cash* from our immediate holding company, Kulim, of RM316.0 million and drawdown of our borrowings of RM300.0 million for working capital purposes.

Note:

* This arose as part of the effect of business combination under common control pursuant to the Pre-Listing Restructuring whereby we had recognised the plantation business that we acquired from Kulim at carrying amounts. As the dividends paid by our Group to Kulim during the FYE 2020 were reinvested by Kulim into its plantation business that was subsequently acquired by us pursuant to the Pre-Listing Restructuring, such effect was recognised as a repatriation of cash from Kulim to our Group.

FYE 2021

(i) Net cash flows generated from operating activities

For the FYE 2021, our cash flows generated from operating activities before working capital changes was RM642.9 million. Our net operating cash flow was RM481.7 million after adjusting for, among others, the following decreases in working capital and other cash outflows:

(a) increase in trade and other receivables of RM55.2 million due to increases in CPO selling prices leading to higher amounts of receivables; and

(b) payment of income taxes and zakat of RM116.9 million and RM4.1 million respectively, which was partially offset by the receipt of tax refund of RM2.6 million.

The above was partially offset by an increase in working capital related to an increase in trade and other payables of RM16.9 million mainly due to higher purchases of supplies and equipment to operate our plantation estates and POMs.

(ii) Net cash flows used in investing activities

For the FYE 2021, we recorded net cash flows used in investing activities of RM84.9 million, which was primarily due to the purchase of property, plant and equipment of RM86.7 million, comprising mainly:

(a) pre-cropping expenditure on immature oil palms of RM27.6 million;

(b) purchase plant and machinery, furniture and equipment and motor vehicles totaling RM25.1 million;

(c) additional work in progress of RM27.3 million related to the development of the biogas plant.

The above cash outflows were partly offset by the interest received from placement of deposits in financial institutions of RM2.0 million.

(iii) Net cash flows used in financing activities

For the FYE 2021, we recorded net cash used in financing activities of RM355.0 million. This was mainly used for the repayment of our borrowings of RM243.0 million, dividend paid to shareholders of RM200.0 million and interest paid for our borrowings of RM72.2 million. These cash outflows were partly offset by the repatriation of cash* from our immediate holding company, Kulim, of RM85.0 million and drawdown of our borrowings of RM79.6 million for working capital purposes.

Note:

* This arose as part of the effect of business combination under common control pursuant to the Pre-Listing Restructuring whereby we had recognised the plantation business that we acquired from Kulim at carrying amounts. As the dividends paid by our Group to Kulim during the FYE 2021 were reinvested by Kulim into its plantation business that was subsequently acquired by us pursuant to the Pre-Listing Restructuring, such effect was recognised as a repatriation of cash from Kulim to our Group.

FYE 2022

(i) Net cash flows generated from operating activities

For the FYE 2022, our cash flows generated from operating activities before working capital changes was RM762.4 million. Our net operating cash flow was RM373.3 million after adjusting for, among others, the following decreases in working capital and other cash outflows:

(a) increase in trade and other receivables of RM44.5 million mainly due to the increase in amount owing by Kulim to us mainly for advances to our immediate holding company;

(b) decrease in trade and other payables of RM56.7 million due to payment of amounts owed to our suppliers and related parties;

(c) increase in inventories of RM45.0 million due to fertilisers purchased during the year which remained unutilised as we postponed our manuring program to the following year; and

(d) payment of income taxes and zakat of RM235.8 million and RM6.2 million respectively, which was partially offset by the receipt of tax refund of RM1.6 million.

(ii) Net cash flows used in investing activities

For the FYE 2022, we recorded net cash flows used in investing activities of RM94.6 million, which was primarily due to the purchase of property, plant and equipment of RM101.8 million, comprising mainly:

(a) expenditure on our biogas plant, production capacity of our Sindora POM, and construction of a PFOE plant for our Sedenak POM totaling RM60.0 million;

(b) pre-cropping expenditure on immature oil palms of RM28.6 million; and

(c) purchase of plant and machinery, furniture and equipment, and motor vehicles amounting to a total of RM11.4 million.

The above cash outflows were partly offset by proceeds from the disposal of property, plant and equipment of RM2.8 million and interest received of RM2.8 million.

(iii) Net cash used in financing activities

For the FYE 2022, we recorded net cash used in financing activities of RM451.6 million. This was mainly used for the repayment of our borrowings of RM407.5 million, dividend paid to shareholders of RM82.5 million, interest paid for our borrowings of RM76.3 million and the repatriation of cash* to our immediate holding company, Kulim, and its related companies amounting to a total of RM281.6 million. These cash outflows were partly offset by the drawdown of our borrowings of RM397.7 million for working capital purposes and construction of our biomethane plant at Sedenak POM.

Note:

* This arose as part of the effect of business combination under common control pursuant to the Pre-Listing Restructuring whereby our Company had recognised the respective plantation businesses that we acquired from Kulim and its related companies at carrying amounts. As certain cash held in the plantation business of Kulim and its related companies was excluded from the identified assets to be transferred to our Group when the Pre-Listing Restructuring was completed in December 2022, such effect was recognised as a repatriation of cash from our Group to Kulim and its related companies during the FYE 2022.

FYE 2023

(i) Net cash flows generated from operating activities

For the FYE 2023, our cash flows generated from operating activities before working capital changes was RM386.2 million. Our net operating cash flow was RM387.9 million, after adjusting for, among others, the following increases in working capital:

(a) decrease in trade and other receivables of RM123.1 million mainly due to settlement of non-trade debts by our immediate holding company, Kulim;

(b) decrease in trade and other payables of RM67.7 million mainly due to the settlement of amount due to Kulim amounting to approximately RM172.6 million via the Capitalisation, partly offset by an increase in trade payables as we deferred payment to creditors as part of our cash flow management efforts; and

(c) decrease in inventories of RM36.8 million due to the implementation of our deferred manuring programme during the financial year.

The above was partially offset by payment of income taxes of RM93.2 million.

(ii) Net cash flows used in investing activities

For the FYE 2023, we recorded net cash flows used in investing activities of RM168.4 million, which was primarily due to the purchase of property, plant and equipment of RM167.9 million, comprising mainly:

(a) additional work in progress amounting to RM56.1 million mainly from the expenditure on our biogas plant, expansion of production capacity of our Sindora POM, and construction of a PFOE plant for our Sedenak POM;

(b) purchase of plant and machinery, furniture and equipment, and motor vehicles amounting to a total of RM55.3 million and construction of new buildings amounting to RM6.8 million; and

(c) pre-cropping expenditure on immature oil palms of RM46.0 million.

The above cash outflows were partly offset by interest received of RM2.5 million.

(iii) Net cash used in financing activities

For the FYE 2023, we recorded net cash used in financing activities of RM104.3 million. During the financial year, we took an advance from our immediate holding company, Kulim amounting to RM144.0 million. We partially repaid RM14.7 million of the advance in cash during the same financial year and the remaining balance of the advance was settled via the Capitalisation along with the amount due to Kulim amounting to approximately RM172.6 million. We also made repayments of borrowings amounting to RM179.6 million, and interest for our borrowings amounting to RM88.2 million.

12.4.3 Key financial ratios

Our key financial ratios during the Financial Years Under Review are as follows:

	<-----Audited----->			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
Trade receivables turnover period(1) (days)	17	15	13	12
Trade payables turnover period(2) (days)	37	20	18	19
Inventories turnover period(3) (days)	9	8	16	20
Current ratio(4) (times)	0.9	1.3	1.0	1.0
Gearing ratio(5) (times)	1.2	1.0	0.9	0.8
Net gearing ratio(6) (times)	1.1	0.9	0.9	0.7

Notes:

(1) Computed as the average of trade receivables over our total revenue for the respective financial years multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021, FYE 2022 and FYE 2023.

(2) Computed as the average of trade payables over our cost of sales for the respective financial years multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021, FYE 2022 and FYE 2023.

(3) Computed as the average of inventories over our cost of sales for the respective financial years multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021, FYE 2022 and FYE 2023.

(4) Computed as current assets divided by current liabilities.

(5) Computed as the sum of total borrowings and total lease liabilities over the equity attributable to owners of our Group.

(6) Computed as net borrowings (the sum of total borrowings and total lease liabilities less cash and cash equivalents) over the equity attributable to owners of our Group.

(i) Trade receivables turnover period

Our trade receivables relate to transactions with external customers and related parties. Our trade receivables are primarily from customers who purchase CPO and PK from us. For CPO, the credit period indicated in our contracts is typically 7 days from the invoice date. For PK, payments are made before the collection of goods. In general, we are subject to penalty charges if the quality of CPO, PK or FFB is below their respective thresholds set out in the relevant contract or purchase order with our customer. The normal credit period granted to our customers under our trading and support services segment ranges from 30 to 90 days from the date of our invoice.

A summary of our trade receivables turnover period during the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
Average trade receivables(1)	47,404	62,944	62,502	39,882
Revenue	1,020,759	1,549,235	1,751,645	1,253,445
Trade receivables turnover period(2) (days)	17	15	13	12

Notes:

(1) Computed as the average of trade receivables at the beginning and at the end of the respective financial years.

(2) Computed as the average of trade receivables over our revenue for the respective financial years multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021, FYE 2022 and FYE 2023.

During the Financial Years Under Review, our trade receivables turnover period has been decreasing from 17 days for the FYE 2020 to 15 days for the FYE 2021 and further decreased to 13 and 12 days for the FYE 2022 and FYE 2023 respectively, due to improvement in cash collection as a result of enhanced collection efforts and tightened credit control procedures through close monitoring of overdue trade receivables as well as constant reminders and continuous engagement with our customers on the outstanding amount. The trade receivables turnover period is higher than our credit term of 7 days as our customers conduct a quality review of the CPO and PK before settling our invoices.

The ageing analysis of our trade receivables as at 31 December 2023 and the subsequent collections up to the LPD are as follows:

		Exceeding credit period			
	Within credit period (RM'000)	**Not more than 30 days overdue (RM'000)**	**Between 31 to 120 days overdue (RM'000)**	**More than 120 days overdue (RM'000)**	**Total (RM'000)**
Trade receivables as at 31 December 2023	33,741	633	2,876	2,263	39,513
% of total trade receivables	85.4%	1.6%	7.3%	5.7%	100.0%
Subsequent collections up to the LPD	33,631	604	2,215	299	36,749
Outstanding trade receivables as at the LPD	110	29	661	1,964	2,764
% of total trade receivables	0.3%	0.1%	1.6%	5.0%	7.0%

As at the LPD, we have collected approximately RM36.7 million or 92.9% of our total trade receivables of RM39.5 million which were outstanding as at 31 December 2023. We have made an impairment loss allowance of approximately RM1.7 million for the FYE 2023 in respect of trade receivables from our trading and support services segment which had been overdue for more than 120 days as we continue our collection efforts with the relevant customers.

Save for the above, our Board is of the opinion that our remaining outstanding trade receivables are recoverable and that no further provision for impairment is required after taking into consideration our relationship with these customers and their historical payment trends.

(ii) Trade payables turnover period

The credit period typically granted to us by our suppliers ranges between 30 days to 60 days. Our trade payables turnover period generally falls within the credit period extended to us by our suppliers. Our trade payables relate to transactions with external suppliers.

A summary of our trade payables turnover period during the Financial Years Under Review is set out below:

	<--------Audited-------->			
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
Average trade payables(1)	74,575	51,265	48,001	46,684
Cost of sales	735,780	921,487	981,698	890,392
Trade payables turnover period(2) (days)	37	20	18	19

Notes:

(1) Computed as the average of trade payables at the beginning and at the end of the respective financial years.

(2) Computed as the average of trade payables over our cost of sales for the respective financial years multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021, FYE 2022 and FYE 2023.

We endeavour to maintain good business relationship with our suppliers through timely payments for all accepted goods or services. During the Financial Years Under Review, our trade payables turnover period decreased from 37 days for the FYE 2020 to 20 days for the FYE 2021, and further decreased to 18 days for the FYE 2022. Such decrease was mainly attributed to our conscious decision in reducing our trade payables in line with shorter collection period with our customers.

For the FYE 2022 and FYE 2023, our trade payables turnover period increased marginally from 18 days to 19 days.

The ageing analysis of our trade payables as at 31 December 2023 and the subsequent payments up to the LPD are as follows:

		Exceeding credit period			
	Within credit period (RM'000)	**Not more than 30 days overdue (RM'000)**	**Between 31 to 120 days overdue (RM'000)**	**More than 120 days overdue (RM'000)**	**Total (RM'000)**
Trade payables as at 31 December 2023	36,253	11,700	5,050	672	53,675
% of total trade payables	67.5%	21.8%	9.4%	1.3%	100.0%
Subsequent payments up to the LPD	35,440	9,096	1,986	441	46,963
Outstanding trade payables as at the LPD	813	2,604	3,064	231	6,712
% of total trade payables	1.5%	4.9%	5.7%	0.4%	12.5%

As at the LPD, we have paid approximately RM47.0 million or 87.5% of our total trade payables of RM53.7 million which were outstanding as at 31 December 2023. For the Financial Years Under Review, there was no matter in dispute with respect to trade payables, or legal action initiated by any of our suppliers to demand for payment.

(iii) Inventories turnover period

A summary of our inventories turnover period during the Financial Years Under Review is set out below:

	Audited			
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**
Average inventories(1)	17,852	20,075	44,178	48,291
Cost of sales	735,780	921,487	981,698	890,392
Inventories turnover period(2) (days)	9	8	16	20
- raw materials and consumables (days)	3	3	10	12
- agricultural produce and finished goods (days)	6	5	6	8

Notes:

(1) Computed as the average of inventories at the beginning and at the end of the respective financial years.

(2) Computed as average of inventories over our cost of sales for the respective financial years multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021, FYE 2022 and FYE 2023.

Our inventories primarily comprise raw materials, the majority of which is FFB that we produce on our plantation estates, and consumables, including fertilisers, chemicals, spare parts and fuels. Our inventories also include agricultural produce and finished goods such as CPO and PK that we produce at our POMs.

Our raw materials and consumables as at 31 December 2022 increased to RM46.5 million (31 December 2021: RM7.9 million), resulting in a higher inventories turnover period of 16 days for the FYE 2022 as compared to 8 days for the FYE 2021. This was mainly due to deferment of our manuring programme to 2023 as we allocated more estate workers to harvesting in 2022, and consequently, some of the fertilisers bought during the FYE 2022 remained unutilised, leading to higher closing stock of fertiliser as at 31 December 2022. Our inventories turnover period increased further to 20 days due to higher average inventories as we continue to purchase fertiliser during the FYE 2023 for our implementation of our deferred manuring program.

We review our inventories for write-offs periodically. Our estate managers and agronomists monitor our inventory of consumables and chemicals respectively, and recommend write-offs when inventory is deemed obsolete and no longer usable. During the FYE 2021, we wrote off inventories amounting to RM0.2 million due to culling and deceased oil palm seedlings.

(iv) Current ratio

A summary of our current ratio during the Financial Years Under Review is set out below:

	Audited			
	31 December 2020 (RM'000)	**31 December 2021 (RM'000)**	**31 December 2022 (RM'000)**	**31 December 2023 (RM'000)**
Current assets	331,898	453,168	349,796	358,017
Current liabilities	352,180	353,810	344,497	353,438
Current ratio(1) (times)	0.9	1.3	1.0	1.0

Note:

(1) Computed as current assets divided by current liabilities.

As at 31 December 2021, our current ratio increased to 1.3 times (31 December 2020: 0.9 times), primarily due to the following reasons:

(i) increase in our cash and cash equivalents to RM198.3 million (31 December 2020: RM156.5 million) due to net cash inflows from our business operations during the financial year of RM41.8 million;

(ii) increase in our trade and other receivables to RM165.1 million (31 December 2020: RM109.5 million) in line with higher revenue for the year; and

(iii) higher fair value of biological assets at RM39.5 million (31 December 2020: RM19.1 million) in line with the increase in average CPO prices.

As at 31 December 2022, our current ratio decreased to 1.0 times (31 December 2021: 1.3 times), primarily due to lower cash and cash equivalents at RM25.5 million (31 December 2021: RM198.3 million) arising from the repatriation of cash to our immediate holding company and related companies as part of the effect of business combination under common control where the cash held in Kulim's plantation business was not transferred to our Group during the Pre-Listing Restructuring. This was, however, partly offset by a higher level of inventories at RM66.7 million (31 December 2022: RM21.7 million).

Our current ratio remained unchanged at 1.0 times as at 31 December 2023.

(v) Gearing ratio

A summary of our gearing ratio during the Financial Years Under Review is set out below:

	<---Audited---			--->
	31 December 2020 (RM'000)	**31 December 2021 (RM'000)**	**31 December 2022 (RM'000)**	**31 December 2023 (RM'000)**
Total borrowings	2,042,062	1,878,630	1,767,560	1,627,217
Total lease liabilities	2,052	2,273	1,418	107,255
Equity attributable to owners of our Group	1,643,423	1,873,219	1,975,790	2,243,740
Gearing ratio(1) (times)	1.2	1.0	0.9	0.8
Net gearing ratio(2) (times)	1.1	0.9	0.9	0.7

Notes:

(1) Computed as the sum of total borrowings and total lease liabilities over the equity attributable to owners of our Group.

(2) Computed as net borrowings (the sum of total borrowings and total lease liabilities less cash and cash equivalents) over the equity attributable to owners of our Group.

Our gearing ratio decreased to 1.0 times as at 31 December 2021 (31 December 2020: 1.2 times) and further to 0.9 times as at 31 December 2022, primarily due to repayment of term loan and revolving credit, and an increase in our NA as a result of profit generated during the financial year, which was partly offset by the dividend paid.

Our gearing ratio decreased marginally to 0.8 times as at 31 December 2023 (31 December 2022: 0.9 times), primarily due to repayment of the amount due to Kulim via the Capitalisation.

12.4.4 Borrowings

As at 31 December 2023, our total outstanding borrowings amounted to approximately RM1.6 billion, further details of which are set out below:

Type of borrowings	Purpose	Maturity	Interest rate	As at 31 December 2023 (RM'000)
Non-current				
Secured term loans (comprising the STF-i Facility, TF-i Facility and other facilities)	(i) Refinancing of existing borrowings; (ii) Payment for the Privatisation of Kulim; (iii) Working capital; and (iv) Capital expenditure for the construction of biomethane and bio-CNG plants	2026 - 2033	4.32% - 5.50%	1,413,744
				1,413,744
Current				
Secured term loans (comprising the STF-i Facility, TF-i Facility and other facilities)	(i) Refinancing of existing borrowings; (ii) Payment for the Privatisation of Kulim; (iii) Working capital; and (iv) Capital expenditure for the construction of biomethane plant	2026 - 2033	4.32% - 5.50%	211,442
Revolving credit (comprising the RC-i Facility)	Working capital	-	5.92%	2,000
Hire purchase	Purchase of motor vehicle	2024	3.46%	31
				213,473
Total borrowings				**1,627,217**

The maturity profile of our total outstanding borrowings as at 31 December 2023 is as follows:

	RM'000
Within 1 year	213,473
1 to 2 years	627,788
2 to 5 years	313,024
More than 5 years	472,932
Total	**1,627,217**

We have not defaulted on payments of either interest or principal sums in respect of any borrowings throughout the Financial Years Under Review and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities. As at the LPD, we are not in breach of the terms and conditions, or covenants associated with our credit arrangements or bank loans.

Proposed Sukuk Programme

In addition, we are considering to establish the Proposed Sukuk Programme of up to RM3.0 billion after our Listing to raise proceeds for our capital expenditure, working capital requirements, investments, general corporate purposes and/or the refinancing of our Group's borrowings. We have appointed Maybank Investment Bank Berhad as our Principal Adviser for the Proposed Sukuk Programme. The appointed Joint Lead Arrangers for the Proposed Sukuk Programme are CIMB IB and Maybank Investment Bank Berhad, while the appointed Joint Lead Managers for the Proposed Sukuk Programme are Affin Hwang IB, AmInvestment Bank, Bank Islam Malaysia Berhad, CIMB IB and Maybank Investment Bank Berhad.

The principal terms and conditions of the Proposed Sukuk Programme, such as its tenure, coupon rate and redemption features have not been finalised as at the LPD. Barring any unforeseen circumstances, the Proposed Sukuk Programme is expected to be established in the 3rd quarter of 2024. Any issuance under the Proposed Sukuk Programme is subject to several factors, such as demand from investors, interest rate fluctuations as well as prevailing economic and market conditions.

The Proposed Sukuk Programme will not have any impact on our IPO and is not conditional upon our IPO and Listing, and vice versa. However, the Proposed Sukuk Programme, upon drawdown, is expected to increase our total borrowings and gearing ratio which may limit our accessibility to further borrowings in the future, the impact of which is dependent on the amount of proceeds raised under the Proposed Sukuk Programme. For illustrative purposes, assuming a full drawdown of the Proposed Sukuk Programme, our pro forma total borrowings and gearing ratio after our IPO and taking into consideration the use of proceeds from the Public Issue, are expected to increase to approximately RM3.3 billion (31 December 2023: RM1.6 billion) and 1.3 times (31 December 2023: 0.8 times) respectively. Nonetheless, it is our intention to maintain a gearing ratio of less than 1.0 times to comply with our financial covenants and we will continue to monitor and review our capital structure, gearing and debt commitments to ensure that we are able to meet our debt obligations at all times.

12.4.5 Material capital commitments

Save as disclosed below, we do not have any other material capital commitments as at the LPD:

	RM'000
Property, plant and equipment:	
• Authorised and contracted for	23,828
• Authorised but not contracted for	72,510
	96,338
Operating lease commitments:	
• Expiring not later than 1 year	8,213
• Expiring later than 1 year and not later than 5 years	8,504
	16,717
Total	**113,055**

We expect to meet our capital expenditure requirements using our internally generated funds (which include our cash and cash equivalents and cash generated from future operations), external financing and bank borrowings.

Pursuant to the Shareholders' Agreement, we have also committed up to RM91.8 million for the subscription of new ordinary shares in JPG Fuji and the subscription proceeds will be used to partially fund the construction of an integrated sustainable palm oil complex. Please refer to Section 4.5.1 of this Prospectus for further details of the capital expenditure on the integrated sustainable palm oil complex and use of proceeds arising from the Public Issue.

12.4.6 Contingent liabilities

As at the LPD, we have not provided any corporate guarantees in favour of various financial institutions in respect of credit facilities extended to our subsidiaries.

Save as disclosed above, as at the LPD, we do not have any material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.4.7 Financial risk management

We are exposed to certain financial risks arising from our operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk. Our financial risk management objective is to minimise potential adverse effects on our financial performance. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to our financial risk management policies. We have used derivative financial instruments such as future commodities sales contracts, which are agreements to sell a specified quantity of CPO at a predetermined price on a future date, and interest rate swaps in the past, and from time to time may use such instruments in the future, to hedge certain exposures.

Our Board has overall responsibility for the oversight of financial risk management, including the identification of operational and strategic risks, and subsequent action plans to manage these risks. Our Board regularly reviews these risks and approves the policies covering the management of these risks. Our management is responsible for identifying, monitoring and managing our risk exposures.

We are not exposed to foreign exchange risk or translation effect as we operate entirely within Malaysia and conduct our operations in RM.

12.4.8 Off-balance sheet arrangements

We did not have any off-balance sheet arrangements during the Financial Years Under Review.

12.4.9 Significant changes on the financial position

There are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2023 and up to the LPD.

12.4.10 Order book

We do not maintain an order book due to the nature of our business whereby our sales are carried out based on purchase orders received from our customers on an on-going basis.

12.5 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus, our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had, or that was reasonably expected to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in Sections 8 and 9 of this Prospectus;

(ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;

(iii) known trends, demands, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for the interruption to business and operations as set out in Section 7.18 of this Prospectus, and our future plans and strategies as set out in Section 7.3 of this Prospectus;

(iv) known trends, demands, events or uncertainties that are reasonably likely to make our historical consolidated financial statements not indicative of the future financial performance and position; and

(v) known trends, demands, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources.

12.6 DIVIDEND POLICY

The payment of dividends by us will depend upon our distributable profits, financial performance and cash flow requirements for operations and capital expenditure as well as the covenants in our existing loan agreements with the respective financial institutions. In addition, changes in applicable accounting standards may also affect the ability of our subsidiaries, and consequently, our ability to declare and pay dividends.

In addition to the factors above which may affect the ability of our subsidiaries to pay dividend to us, when recommending the actual dividends for approval by shareholders or when declaring any interim dividend, our Board will also consider, among others:

(i) the level of our cash, gearing, return on equity and retained profits;

(ii) our expected financial performance;

(iii) our working capital requirements;

(iv) our projected levels of expenditure and other investment plans;

(v) any restrictive covenants contained in our current and future financing arrangements; and

(vi) any material impact of tax laws and regulatory requirements.

There is no dividend restriction imposed on our Group as at the LPD.

It is the intention of our Board to recommend and distribute a dividend of at least 50.0% of our annual audited PAT attributable to owners of our Group. This will allow our shareholders to participate in our profits while leaving adequate reserves for our future growth.

For information purposes, the dividends declared and paid by our Group in respect of the Financial Years Under Review are as follows:

	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)
Dividends declared	(2)318,000	(2)200,000	82,500	(2)69,793
Dividends paid	318,000	200,000	82,500	69,793
PAT attributable to owners of our Group	52,501	344,796	495,592	167,306
Dividend pay-out ratio(1)	605.7%	58.0%	16.6%	41.7%

Notes:

(1) Computed as dividends declared divided by PAT attributable to our shareholders.

(2) Part of the dividend for the FYE 2020, FYE 2021 and FYE 2023 amounting to RM281.0 million, approximately RM82.7 million and approximately RM69.8 million respectively were declared to set-off the amount due from Kulim to our Group.

Subsequent to the FYE 2023 and up to the LPD, there is no dividend declared or paid by our Company or our subsidiaries to our respective shareholders. The dividends declared and paid for the Financial Years Under Review were funded via internally generated cash which were in excess of our Group's funding requirements for our business operations.

As at the LPD, we do not have any intention to declare any further dividends prior to our Listing.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modifications (including non-declaration) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical pay-outs. Please refer to Section 9.3.5 of this Prospectus for the risk factor which may affect our ability to pay dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12.7 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

Strictly private and confidential

The Board of Directors
Johor Plantations Group Berhad
(formerly known as Johor Plantations Berhad)
Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor, Malaysia.

26 May 2024

Dear Sirs,

Johor Plantations Group Berhad ("JPG" or the "Company") (formerly known as Johor Plantations Berhad) and its subsidiaries (collectively, the "Group")

Report on the compilation of pro forma consolidated statements of financial position for inclusion in the Company's prospectus in connection with the initial public offering of up to 875,000,000 ordinary shares in the Company ("Shares") ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus") ("Listing")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Group as at 31 December 2023 ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of the transactions as set out in the notes of Attachment A on the Group's consolidated statements of financial position as at 31 December 2023, as if the transactions had taken place as at 31 December 2023. As part of this process, information about the Group's consolidated financial position have been extracted by the Directors from the audited consolidated financial statements of the Group for the financial year ended 31 December 2023, on which an auditors' report dated 1 March 2024 have been issued.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

Our firm applies Malaysian Approved Standard on Quality Management 1, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of 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 or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Attachment A.

For the purpose 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 Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

KPMG

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated 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 Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Consolidated Statements of Financial Position have been prepared in connection with the Listing and should not be relied upon for any other purposes.

KPMG PLT	**Muhammad Azman Bin Che Ani**
(LLP0010081-LCA & AF 0758)	Approval Number: 02922/04/2026 J
Chartered Accountants	Chartered Accountant

Attachment A

Johor Plantations Group Berhad ("JPG" or the "Company") (formerly known as Johor Plantations Berhad) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Pro Forma Consolidated Statements of Financial Position as at 31 December 2023

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023 ("Pro Forma Consolidated Statements of Financial Position") as set out below have been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 December 2023, and should be read in conjunction with the said notes to the Pro Forma Consolidated Statements of Financial Position.

	Note	As at 31 December 2023* RM'000	Pro Forma I After Share Split RM'000	Pro Forma II After Pro Forma I and the IPO RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
Assets					
Property, plant and equipment		2,540,077	2,540,077	2,540,077	2,540,077
Right-of-use assets		1,684,305	1,684,305	1,684,305	1,684,305
Total non-current assets		4,224,382	4,224,382	4,224,382	4,224,382
Trade and other receivables		56,234	56,234	56,234	56,234
Biological assets		25,192	25,192	25,192	25,192
Inventories		29,892	29,892	29,892	29,892
Current tax assets		72,864	72,864	72,864	72,864
Other investments		26,382	26,382	26,382	26,382
Cash and cash equivalents	3(a)	140,688	140,688	530,448	350,415
		351,252	351,252	741,012	560,979
Assets classified as held for sale		6,765	6,765	6,765	6,765
Total current assets		358,017	358,017	747,777	567,744
Total assets		4,582,399	4,582,399	4,972,159	4,792,126

** Extracted from the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.*

KPMG PLT
Stamped For Identification Purposes only
PETALING JAYA

Attachment A

Johor Plantations Group Berhad ("JPG" or the "Company") (formerly known as Johor Plantations Berhad) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

	Note	As at 31 December 2023* RM'000	Pro Forma I After Share Split RM'000	Pro Forma II After Pro Forma I and the IPO RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
Equity					
Share capital	3(b)	1,502,000	1,502,000	1,882,828	1,882,828
Other reserves		(617,202)	(617,202)	(617,202)	(617,202)
Retained earnings	3(c)	1,358,942	1,358,942	1,355,281	1,355,281
Equity attributable to owners of the Group		2,243,740	2,243,740	2,620,907	2,620,907
Non-controlling interests		15	15	15	15
Total equity		2,243,755	2,243,755	2,620,922	2,620,922
Liabilities					
Borrowings	3(d)	1,413,744	1,413,744	1,413,744	1,246,304
Lease liabilities		102,972	102,972	102,972	102,972
Employee benefits		10,780	10,780	10,780	10,780
Deferred tax liabilities		457,710	457,710	457,710	457,710
Total non-current liabilities		1,985,206	1,985,206	1,985,206	1,817,766
Trade and other payables	3(e)	135,682	135,682	148,275	135,682
Borrowings		213,473	213,473	213,473	213,473
Lease liabilities		4,283	4,283	4,283	4,283
Total current liabilities		353,438	353,438	366,031	353,438
Total liabilities		2,338,644	2,338,644	2,351,237	2,171,204
Total equity and liabilities		4,582,399	4,582,399	4,972,159	4,792,126

** Extracted from the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.*

KPMG PLT
Stamped For Identification Purposes only
PETALING JAYA

Attachment A

Johor Plantations Group Berhad ("JPG" or the "Company") (formerly known as Johor Plantations Berhad) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Supplementary information

		Pro Forma I	Pro Forma II	Pro Forma III
	As at 31 December 2023*	**After Share Split**	**After Pro Forma I and the IPO**	**After Pro Forma II and the use of proceeds**
Number of ordinary shares ('000)	1,502,000	2,036,000	2,500,000	2,500,000
Net assets per share attributable to owners of the Group^ (RM)	1.49	1.10	1.05	1.05
Gearing ratio >	0.77	0.77	0.66	0.60
Net gearing ratio <	0.71	0.71	0.46	0.46

* *Extracted from audited consolidated financial statements of the Group for the financial year ended 31 December 2023.*
^ *Based on equity attributable to owners of the Group over the number of ordinary shares in the Company ("Shares").*
\> *Computed based on the sum of total borrowings and total lease liabilities over the Group's total equity attributable to owners of the Group.*
< *Computed based on net borrowings (the sum of total borrowings and total lease liabilities less cash and cash equivalents) over the Group's total equity attributable to owners of the Group.*

(The rest of this page has been intentionally left blank)

Attachment A

Johor Plantations Group Berhad ("JPG" or the "Company") (formerly known as Johor Plantations Berhad) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position have been prepared for inclusion in the prospectus of the Company in connection with the initial public offering of up to 875,000,000 ordinary shares in the Company ("Shares") ("IPO") and in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") have compiled the Pro Forma Consolidated Statements Financial Position are as described below. The Pro Forma Consolidated Statements Financial Position are prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements Financial Position have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board and IFRS Accounting Standards as issued by the International Accounting Standards Board, and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Consolidated Statements of Financial Position.

The auditors' report dated 1 March 2024 on the consolidated financial statements of the Group for the financial year ended 31 December 2023 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements Financial Position are not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Consolidated Statements Financial Position have been prepared for illustrative purposes only.

2. Pro forma adjustments to the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position illustrate the effects of the following events or transactions:

2.1 Pro Forma I – Share Split

The Share Split entails the subdivision of the Company's existing 1,501,999,772 shares to 2,036,000,000 shares, in conjunction with the IPO.

2. Pro forma adjustments to the Pro Forma Consolidated Statements of Financial Position (continued)

2.2 Pro Forma II – IPO

The IPO entails the initial public offering of up to 875,000,000 Shares which comprises the following:

(i) Public Issue

The Public Issue of 464,000,000 new Shares ("Issue Shares") at an indicative price of RM0.84 per Issue Share raising total gross proceeds of approximately RM389.76 million.

(ii) Offer for Sale

The Offer for Sale by Kulim (Malaysia) Berhad ("Selling Shareholder") of up to 411,000,000 existing Shares ("Offer Shares") at an indicative price of RM0.84 per Offer Share raising total gross proceeds of up to approximately RM345.24 million.

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds of approximately RM345.24 million from the Offer for Sale will accrue entirely to the Selling Shareholder.

(iii) Estimated listing expenses

The estimated listing expenses comprises the following:

	RM'000
Professional fees	9,416
Fees payable to authorities	1,168
Brokerage fee, underwriting commission and placement fees	6,823
Miscellaneous expenses and contingencies	1,343
	18,750

The total estimated listing expenses to be borne by the Company is estimated to be RM18.75 million. As of 31 December 2023, RM6.16 million has been paid and recognised in the profit or loss of the Group. The balance of the estimated listing expenses of RM12.59 million has been accrued in trade and other payables of which RM8.93 million directly attributable to the Public Issue will be debited against the share capital of the Company, and the remaining estimated listing expenses of RM3.66 million will be charged out to the profit or loss of the Group.

KPMG PLT
Stamped For Identification Purposes only
PETALING JAYA

Attachment A

Johor Plantations Group Berhad ("JPG" or the "Company") (formerly known as Johor Plantations Berhad) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Consolidated Statements of Financial Position (continued)

2.3 Pro Forma III - Use of proceeds

The total gross proceeds from the Public Issue of approximately RM389.76 million are intended to be used as follows:

	RM'000
Capital expenditure [1]	196,829
Repayment of bank borrowings [2]	167,440
Working capital	6,741
Estimated listing expenses [3]	18,750
	389,760

Notes:

(1) The Group has earmarked RM196.83 million of the total gross proceeds to be raised from the Public Issue, for its capital expenditure to construct an integrated palm oil complex as well as for its replanting activities as follows:

Details	***RM'000***
Construction of an integrated sustainable palm oil complex	*171,600*
Replanting activities	*25,229*
Total	***196,829***

As at the latest practicable date of 13 May 2024 ("LPD"), the Group has yet to enter into any contractual binding agreements or issued any purchase orders in relation to the above capital expenditure. Accordingly, such use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Consolidated Statements of Financial Position.

(2) The use of proceeds earmarked by the Group for the repayment of bank borrowings totalling RM167.44 million is in relation to the repayment of RM97.44 million for its Syndicated Term Financing-i facility obtained from CIMB Islamic Bank Berhad, RHB Islamic Bank Berhad and Bank Islam Malaysia Berhad to refinance the Group's existing borrowings and working capital requirements and RM70.00 million for its Term Financing-i facility obtained from CIMB Islamic Bank Berhad for the payment to its entitled shareholders pursuant to the privatisation of Kulim (Malaysia) Berhad.

(3) The estimated listing expenses comprise the following:

	RM'000
Professional fees	*9,416*
Fees payable to authorities	*1,168*
Brokerage fee, underwriting commission and placement fees	*6,823*
Miscellaneous expenses and contingencies	*1,343*
	18,750

The total estimated listing expenses to be borne by the Company is estimated to be RM18.75 million. As of 31 December 2023, RM6.16 million has been paid and recognised in the profit or loss of the Group. The balance of the estimated listing expenses of RM12.59 million has been accrued in trade and other payables of which RM8.93 million directly attributable to the Public Issue will be debited against the share capital of the Company, and the remaining estimated listing expenses of RM3.66 million will be charged out to the profit or loss of the Group.

KPMG PLT Stamped For Identification Purposes only PETALING JAYA

Attachment A

Johor Plantations Group Berhad ("JPG" or the "Company") (formerly known as Johor Plantations Berhad) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

3. Effects on the Pro Forma Consolidated Statements of Financial Position

(a) Movements in cash and cash equivalents

	RM'000
Balance as at 31 December 2023 / Pro Forma I	140,688
Effects of Pro Forma II:	
- Proceeds from the Public Issue	389,760
Pro Forma II	530,448
Effects of Pro Forma III:	
- Estimated listing expenses	(12,593)
- Repayment of borrowings using proceeds from the Public Issue	(167,440)
Pro Forma III	350,415

(b) Movement in share capital

	RM'000
Balance as at 31 December 2023 / Pro Forma I	1,502,000
Effects of Pro Forma II:	
- Public Issue	389,760
- Estimated listing expenses directly attributable to the Public Issue	(8,932)
Pro Forma II and III	1,882,828

(c) Movement in retained earnings

	RM'000
Balance as at 31 December 2023 / Pro Forma I	1,358,942
Effects of Pro Forma II:	
- Estimated listing expenses charged to profit or loss of the Group	(3,661)
Pro Forma II and III	1,355,281

(d) Movement in borrowings – non-current

	RM'000
Balance as at 31 December 2023 / Pro Forma I and II	1,413,744
Effects of Pro Forma III:	
- Repayment of borrowings using proceeds from the Public Issue	(167,440)
Pro Forma III	1,246,304

(e) Movement in trade and other payables – current

	RM'000
Balance as at 31 December 2023 / Pro Forma I	135,682
Effects of Pro Forma II:	
- Estimated listing expenses accrued	12,593
Pro Forma II	148,275
Effects of Pro Forma III:	
- Reversal of accrued estimated listing expenses upon payment using proceeds from the Public Issue	(12,593)
Pro Forma III	135,682

KPMG PLT Stamped For Identification Purposes only PETALING JAYA

Johor Plantations Group Berhad

(formerly known as Johor Plantations Berhad)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)

and its subsidiaries

Accountants' Report on the Consolidated Financial Statements

Johor Plantations Group Berhad

(formerly known as Johor Plantations Berhad)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)

and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Revenue	4	1,253,445	1,751,645	1,549,235	1,020,759
Cost of sales		(890,392)	(981,698)	(921,487)	(735,780)
Gross profit		363,053	769,947	627,748	284,979
Other income		15,019	10,961	30,934	23,721
Administrative expenses		(99,127)	(126,604)	(99,619)	(99,009)
Other operating expenses		(4,216)	(16,689)	(3,785)	(5,419)
Results from operating activities		274,729	637,615	555,278	204,272
Finance income		2,783	4,643	2,213	2,843
Finance costs	5	(90,592)	(73,138)	(68,943)	(89,504)
Profit before tax and zakat	6	186,920	569,120	488,548	117,611
Tax expense	7	(19,425)	(67,554)	(139,877)	(62,710)
Zakat	8	(1,770)	(6,202)	(4,055)	(2,595)
Profit for the year		165,725	495,364	344,616	52,306
Other comprehensive expense, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability, net of tax		(2,200)	-	-	-
Other comprehensive expense for the year, net of tax		(2,200)	-	-	-
Total comprehensive income for the year		163,525	495,364	344,616	52,306

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December (continued)

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Profit attributable to:					
Owner of the Group		167,306	495,592	344,796	52,501
Non-controlling interest		(1,581)	(228)	(180)	(195)
Profit for the year		165,725	495,364	344,616	52,306
Total comprehensive income attributable to:					
Owner of the Group		165,106	495,592	344,796	52,501
Non-controlling interest		(1,581)	(228)	(180)	(195)
Total comprehensive income for the year		163,525	495,364	344,616	52,306
Basic/Diluted earnings per ordinary share (sen)	26	8	28	698	106

The notes on pages 9 to 74 are an integral part of these consolidated financial statements.

Johor Plantations Group Berhad

(formerly known as Johor Plantations Berhad)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)

and its subsidiaries

Consolidated statement of financial position as at 31 December

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	9	2,540,077	2,461,941	2,438,257	2,424,139
Right-of-use assets	10	1,684,305	1,601,797	1,629,679	1,659,438
Intangible assets	11	-	627	627	749
Trade and other receivables	12	-	63,975	63,972	64,114
Total non-current assets		4,224,382	4,128,340	4,132,535	4,148,440
Biological assets	13	25,192	22,713	39,465	19,148
Inventories	14	29,892	66,690	21,666	18,484
Trade and other receivables	12	56,234	185,105	165,055	109,506
Current tax assets		72,864	23,881	1,074	1,026
Other investments	15	26,382	25,954	27,588	27,215
Cash and cash equivalents	16	140,688	25,453	198,320	156,519
		351,252	349,796	453,168	331,898
Assets classified as held for sale	17	6,765	-	-	-
Total current assets		358,017	349,796	453,168	331,898
Total assets		4,582,399	4,478,136	4,585,703	4,480,338
Equity					
Share capital	18	1,502,000	1,329,363	36,432	36,432
Invested equity	18	-	-	46,572	46,572
Other reserves	18	(617,202)	(617,202)	696,066	611,066
Retained earnings		1,358,942	1,263,629	1,094,149	949,353
Equity attributable to owner of the Group		2,243,740	1,975,790	1,873,219	1,643,423
Non-controlling interests		15	502	730	235
Total equity		2,243,755	1,976,292	1,873,949	1,643,658

Consolidated statement of financial position as at 31 December (continued)

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Liabilities					
Trade and other payables	23	-	101,200	-	-
Deferred tax liabilities	19	457,710	461,590	585,846	574,414
Borrowings	20	1,413,744	1,587,209	1,762,983	1,900,440
Employee benefits	21	10,780	6,666	8,080	8,517
Lease liabilities	22	102,972	682	1,035	1,129
Total non-current liabilities		1,985,206	2,157,347	2,357,944	2,484,500
Trade and other payables	23	135,682	148,773	205,259	188,383
Borrowings	20	213,473	180,351	115,647	141,622
Derivative financial liabilities	24	-	-	-	3,788
Lease liabilities	22	4,283	736	1,238	923
Current tax liabilities		-	14,637	31,666	17,464
Total current liabilities		353,438	344,497	353,810	352,180
Total liabilities		2,338,644	2,501,844	2,711,754	2,836,680
Total equity and liabilities		4,582,399	4,478,136	4,585,703	4,480,338

The notes on pages 9 to 74 are an integral part of these consolidated financial statements.

Johor Plantations Group Berhad
(formerly known as Johor Plantations Berhad)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statement of changes in equity for the financial year ended 31 December

	Note	Share capital RM'000	Invested equity RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2020		36,432	46,572	295,112	1,214,852	1,592,968	(20)	1,592,948
Profit and total comprehensive income for the year		-	-	-	52,501	52,501	(195)	52,306
Issuance of shares to non-controlling interests		-	-	-	-	-	450	450
Dividends paid to the owner of the Company	25	-	-	-	(318,000)	(318,000)	-	(318,000)
Effect of business combination under common control		-	-	315,954	-	315,954	-	315,954
Total transactions with owner of the Company		-	-	315,954	(318,000)	(2,046)	450	(1,596)
At 31 December 2020/1 January 2021		36,432	46,572	611,066	949,353	1,643,423	235	1,643,658
Profit and total comprehensive income for the year		-	-	-	344,796	344,796	(180)	344,616
Issuance of shares to non-controlling interests		-	-	-	-	-	675	675
Dividends paid to the owner of the Company	25	-	-	-	(200,000)	(200,000)	-	(200,000)
Effect of business combination under common control		-	-	85,000	-	85,000	-	85,000
Total transactions with owner of the Company		-	-	85,000	(200,000)	(115,000)	675	(114,325)
At 31 December 2021/1 January 2022		36,432	46,572	696,066	1,094,149	1,873,219	730	1,873,949

Consolidated statement of changes in equity for the financial year ended 31 December (continued)

	Note	Share capital RM'000	Invested equity RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 31 December 2021/1 January 2022		36,432	46,572	696,066	1,094,149	1,873,219	730	1,873,949
Profit and total comprehensive income for the year		-	-	-	495,592	495,592	(228)	495,364
Dividends paid to the owner of the Company	25	-	-	-	(82,500)	(82,500)	-	(82,500)
Effect of business combination under common control:								
- Acquisition of business	32.1	961,819	-	(1,028,728)	(197,612)	(264,521)	-	(264,521)
- Acquisition of subsidiaries	32.2	331,112	(46,572)	(284,540)	(46,000)	(46,000)	-	(46,000)
Total transactions with owner of the Company		1,292,931	(46,572)	(1,313,268)	(326,112)	(393,021)	-	(393,021)
At 31 December 2022/1 January 2023		1,329,363	-	(617,202)	1,263,629	1,975,790	502	1,976,292
Remeasurement of defined benefit liability, net of tax		-	-	-	(2,200)	(2,200)	-	(2,200)
Total other comprehensive income for the year		-	-	-	(2,200)	(2,200)	-	(2,200)
Profit for the year		-	-	-	167,306	167,306	(1,581)	165,725
Total comprehensive income for the year		-	-	-	165,106	165,106	(1,581)	163,525
Issuance of shares to non-controlling interest		-	-	-	-	-	1,094	1,094
Issue of ordinary shares	23.1	172,637	-	-	-	172,637	-	172,637
Dividends paid to the owner of the Company	25	-	-	-	(69,793)	(69,793)	-	(69,793)
Total transactions with owner of the Company		172,637	-	-	(69,793)	102,844	1,094	103,938
At 31 December 2023		1,502,000	-	(617,202)	1,358,942	2,243,740	15	2,243,755
		Note 18	Note 18	Note 18				

The notes on pages 9 to 74 are an integral part of these consolidated financial statements.

Johor Plantations Group Berhad
(formerly known as Johor Plantations Berhad)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statement of cash flows for the financial year ended 31 December

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before tax and zakat		186,920	569,120	488,548	117,611
Adjustments for:					
Change in fair value on biological assets	13	(2,479)	16,752	(20,317)	(13,257)
Depreciation of property, plant and equipment	9	79,664	78,838	76,033	77,630
Amortisation of right-of-use assets	10	29,064	28,108	31,130	29,664
Interest income		(2,783)	(4,643)	(2,213)	(2,843)
Interest expense	5	90,592	73,138	68,943	89,504
Written off of property, plant and equipment		3,763	232	66	805
Others		1,501	829	664	5,561
Operating profit before changes in working capital		386,242	762,374	642,854	304,675
Change in inventories		36,798	(45,024)	(3,182)	4,447
Change in trade and other payables		(67,708)	(56,721)	16,876	82,545
Change in trade and other receivables		123,145	(44,488)	(55,210)	(98,804)
Cash generated from operations		478,477	616,141	601,338	292,863
Tax paid		(93,245)	(235,822)	(116,914)	(46,066)
Tax refund		5,282	1,561	2,623	7,576
Zakat paid		(1,770)	(6,202)	(4,055)	(2,595)
Employee benefits paid	21	(829)	(2,368)	(1,262)	(450)
Net cash flows generated from operating activities		387,915	373,310	481,730	251,328
Cash flows used in investing activities					
Acquisition of property, plant and equipment	9	(167,911)	(101,777)	(86,658)	(73,468)
Acquisition of leasehold land		(2,701)	-	-	-
Proceeds from disposal of property, plant and equipment		117	2,803	77	-
Interest received		2,494	2,767	2,016	2,843
Placement of fixed deposit with licensed bank		(428)	-	(373)	-
Withdrawal of deposits placed and pledged with licensed bank		-	1,634	-	-
Net cash flows used in investing activities		(168,429)	(94,573)	(84,938)	(70,625)

Consolidated statement of cash flows for the financial year ended 31 December (continued)

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Cash flows used in financing activities					
Dividend paid	25	-	(82,500)	(200,000)	(318,000)
Interest paid		(88,249)	(76,330)	(72,184)	(90,305)
Advance from immediate holding company	23.1	144,000	-	-	-
Repatriation of cash from immediate holding company		-	-	85,000	315,954
Repatriation of cash to immediate holding company		-	(220,256)	-	-
Repatriation of cash to related companies		-	(61,339)	-	-
Proceeds from issuance of shares to non-controlling interests		-	-	675	450
Repayment of derivative		-	-	(3,788)	-
Repayment of advancement from immediate holding company		(14,650)	-	-	-
Repayment of borrowings	20	(179,606)	(407,536)	(243,036)	(354,053)
Payment of lease liabilities	22	(5,042)	(1,309)	(1,262)	(1,045)
Proceeds from borrowings	20	39,296	397,666	79,604	299,971
Net cash flows used in financing activities		(104,251)	(451,604)	(354,991)	(147,028)
Net increase/(decrease) in cash and cash equivalents		115,235	(172,867)	41,801	33,675
Cash and cash equivalents at 1 January		25,453	198,320	156,519	122,844
Cash and cash equivalents at 31 December	16	140,688	25,453	198,320	156,519

(i) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM168.33 million (2022: RM105.56 million, 2021: RM90.22 million, 2020: RM74.57 million) of which RM0.42 million (2022: RM3.78 million, 2021: RM3.57 million, 2020: RM1.10 million) was acquired by means of capitalisation of interest expense as stated in Note 5 to the consolidated financial statements.

The notes on pages 9 to 74 are an integral part of these consolidated financial statements.

Johor Plantations Group Berhad

(formerly known as Johor Plantations Berhad)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)

and its subsidiaries

Notes to the consolidated financial statements

Johor Plantations Group Berhad (formerly known as Johor Plantations Berhad) ("JPG" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
K.B. 705 Ulu Tiram Estate
81800 Ulu Tiram
Johor

Registered office
Level 11, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

The Company is principally engaged in the production of palm oil and palm kernels, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There has been no change in the nature of these activities during the financial years.

The immediate holding company of the Company is Kulim (Malaysia) Berhad, a public limited liability company incorporated and domiciled in Malaysia. The ultimate holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995).

1. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") have been prepared in connection with the listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

The consolidated financial statements of the Company for the financial years ended 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020 were prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative year presented or, if later, at the date that common control were established. Please refer to note 3.2 on the material accounting policy information on business combination under common control.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The consolidated financial statements of the Group for the financial years ended 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia (the "SC").

The following are amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

Amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendment to MFRS 107, *Statement of Cash Flows – Supplier Finance Agreements*

Amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

(b) Basis of measurement

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

1. Basis of preparation (continued)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 13 - Fair value of biological assets

2. Changes in material accounting policies

2.1 Material accounting policy information

The Group adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

2.2 Global minimum top-up tax

The Group also adopted International Tax Reform - Pillar Two Model Rules upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

The temporary mandatory relief applies retrospectively. However, there was no new legislation enacted or substantively enacted to implement the top-up tax at 31 December 2022 in the jurisdictions in which the Group operates. The retrospective application has no impact on the Group's consolidated financial statements.

3. Subsidiaries

The details of the subsidiaries are as follows:

Name of company	Principal place of business	Principal activities	Effective ownership interest 2023 %	2022 %	2021 %	2020 %
Pembangunan Mahamurni Sdn. Bhd.#	Malaysia	Investment holding	-	100	100	100
JPG Plantations Sdn. Bhd. (formerly known as Kulim Plantations (Malaysia) Sdn. Bhd.)	Malaysia	Production of palm oil and palm kernels	100	100	-	-
JPG Jenterra Sdn. Bhd. (formerly known as Edaran Badang Sdn. Bhd.)	Malaysia	Dealer in agricultural machinery and parts	100	100	-	-
JPG Planterra Sdn. Bhd. (formerly known as Cultination Sdn. Bhd.)	Malaysia	Sales of palm nursery and other plantation products and services	100	100	-	-
JPG Terrasolutions Sdn. Bhd. (formerly known as Kulim Safety Training and Services Sdn. Bhd.)	Malaysia	Provision of training and safety products and services	100	100	-	-
JPG Greenergy Ventures Sdn. Bhd. (formerly known as Kulim Green Energy Ventures Sdn. Bhd.)	Malaysia	Production of Bio-Methane	55	55	-	-
JPG Greenergy Sdn. Bhd. (formerly known as Kulim Greenergy Sdn. Bhd.)	Malaysia	Production of Bio-Methane	100	100	-	-

3. Subsidiaries (continued)

The details of the subsidiaries are as follows (continued) :

Name of company	Principal place of business	Principal activities	Effective ownership interest			
			2023 %	2022 %	2021 %	2020 %
Held through Pembangunan Mahamurni Sdn. Bhd.						
United Malayan Agriculture Corporation Berhad#	Malaysia	Oil palm plantation	-	100	100	100
Held through JPG Terrasolutions Sdn. Bhd. (formerly known as Kulim Safety Training and Services Sdn. Bhd.)						
Optimum Status Sdn. Bhd.#	Malaysia	Provision of mechanical and electrical services	-	100	-	-

Disposed during the financial year 2023

3.1 Disposal of investment in subsidiaries in 2023

In February 2023, the Company entered into a share sale agreement with the immediate holding company to dispose 100% of the Company's shareholdings in Pembangunan Mahamurni Sdn. Bhd. and Optimum Status Sdn. Bhd. to the immediate holding company for a total purchase consideration of RM1 for each subsidiary payable by cash.

The disposals do not have any significant effect on the financial position and results of the Group.

3. Investments in subsidiaries (continued)

3.2 Material accounting policy information

Business combination arising from transfers of interests in entities or transfer of businesses in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity and any resulting gain or loss is recognised directly in equity.

Upon loss of control of a subsidiary to entities that are under the control of the shareholder that controls the Group, the surplus or deficit in respect of the consideration received over the aggregated carrying amounts of assets and liabilities as of the date of transaction is recognised in equity of the Group.

4. Revenue

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
Crude palm oil ("CPO")	1,078,339	1,486,584	1,308,543	872,185
Palm kernel ("PK")	161,548	242,449	219,089	129,552
Fresh fruit bunches ("FFB")	-	-	3,945	6,978
Trading and support service	12,941	22,612	17,658	12,044
Renewable energy	617	-	-	-
Total revenue	1,253,445	1,751,645	1,549,235	1,020,759
Timing of revenue recognition				
At a point in time	1,251,519	1,751,233	1,546,702	1,018,633
Over time	1,926	412	2,533	2,126
	1,253,445	1,751,645	1,549,235	1,020,759
Geographical market				
Malaysia	1,253,445	1,751,645	1,549,235	1,020,759

4. Revenue (continued)

Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration
FFB	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 7 days from invoice date.	Penalty in relation to ripeness standard of the crop.
CPO	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 7 days from invoice date.	There would be penalty charges where the quality of CPO is below certain threshold.
PK	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Before collection of goods.	There would be penalty charges where the quality of PK is below certain threshold.

Revenue from performance obligations that are unsatisfied at the reporting date are as follows:

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Crude palm oil	50,560	22,894	16,517	14,522
Palm kernel	17,116	1,193	12,130	15,229
	67,676	24,087	28,647	29,751

5. Finance costs

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	88,249	76,534	72,086	90,045
Interest expense on lease liabilities	2,046	31	98	260
Other finance cost	714	353	325	298
	91,009	76,918	72,509	90,603
Recognised in profit or loss	90,592	73,138	68,943	89,504
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying asset:				
- Property, plant and equipment	417	3,780	3,566	1,099
	91,009	76,918	72,509	90,603

6. Profit before tax and zakat

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Profit before tax and zakat is arrived after charging/ (crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	450	362	-	-
- Other auditors	-	9	226	206
Non-audit fees:				
- KPMG PLT	1,075	50	-	-
- Local affiliates of KPMG PLT	249	408	-	-
- Others	-	-	103	29
Material expenses/(income)				
Depreciation of property, plant and equipment	79,664	78,838	76,033	77,630
Amortisation of right-of-use assets	29,064	28,108	31,130	29,664
Written off property, plant and equipment	3,763	232	66	805
Fair value (gain)/loss on biological assets	(2,479)	16,752	(20,317)	(13,257)
Waiver of debt by related company	(1,178)	-	-	-
Personnel expenses (including key management personnel):				
- Salaries, wages and allowances	197,138	183,081	163,545	161,283
- Bonuses	3,497	26,353	11,023	20,256
- Defined contribution plan	21,369	21,086	17,271	13,445
- Defined benefit plan	1,334	601	500	4,191
- Other benefits	11,347	12,195	8,367	13,089
	234,685	243,316	200,706	212,264

7. Tax expense

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss					
Current tax expense					
Current year		48,118	198,588	132,802	65,440
Overprovision in prior years		(25,508)	(6,778)	(4,357)	(2,165)
		22,610	191,810	128,445	63,275
Deferred tax expense					
Origination and reversal of temporary differences		(5,269)	(123,855)	14,028	(1,900)
Underprovision/ (Overprovision) in prior years		2,084	(401)	(2,596)	1,335
		(3,185)	(124,256)	11,432	(565)
Total income tax expense		19,425	67,554	139,877	62,710
Reconciliation of tax expense					
Profit before tax and zakat		186,920	569,120	488,548	117,611
Income tax calculated using Malaysian tax rate of 24% (2022: 24%, 2021: 24%, 2020: 24%)		44,861	136,589	117,252	28,227
Tax recognised at different rate	7.1	-	17,020	-	-
Non-deductible expenses		9,343	43,768	32,400	41,246
Non-taxable income		(11,256)	(8,948)	(2,539)	(5,931)
Effect of waiver of Real Property Gain Tax	7.2	-	(113,123)	-	-
Utilisation of previously unrecognised unutilised tax losses and unabsorbed capital allowance		(99)	(573)	(283)	(2)
Overprovision of current tax in prior years	7.3	(25,508)	(6,778)	(4,357)	(2,165)
Underprovision/ (Overprovision) of deferred tax in prior years		2,084	(401)	(2,596)	1,335
Total income tax expense		19,425	67,554	139,877	62,710

7. Tax expense (continued)

7.1 Prosperity tax

In the year of assessment 2022, a special one-off tax which is called 'Cukai Makmur' (Prosperity Tax) was imposed on non-micro, small and medium enterprise companies which generate high profits during the period of the COVID-19 pandemic. Chargeable income in excess of RM100 million was charged an income tax rate of 33% for YA 2022.

7.2 Waiver of Real Property Gain Tax

On 13 April 2022, the ultimate holding corporation, Johor Corporation ("JCorp") applied to Ministry of Finance ("MoF") for an exemption for Real Property Gain Tax ("RPGT") and stamp duty for several land and buildings under the Group in conjunction with the internal re-organisation exercise. On 2 November 2022 and 3 November 2022, MoF granted the waiver of RPGT and stamp duty to the said land and buildings which were subject to the completion of the internal restructuring of the Group on 1 December 2022. Consequently, the tax bases of freehold land, of which their carrying values will be realised through sale, have been revised to the transaction values as per the exemption application.

7.3 Overprovision of current tax expense

Overprovision of current tax expense in prior year in relation to the financial year ended 31 December 2023 relates to the Group's decision to claim certain expenses, of which based on initial judgment, applied a consistent approach with prior years not to claim these expenses.

8. Zakat

Zakat expense relates to zakat provided and paid during the financial year.

9. Property, plant and equipment

	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2020	1,619,301	846,562	58,271	114,069	182,879	10,680	23,567	23,928	2,879,257
Additions	-	4,752	35,338	2,320	5,245	1,086	1,914	23,912	74,567
Disposals	-	-	-	(664)	(392)	(48)	(382)	-	(1,486)
Written off	-	(7,749)	-	(277)	(1,356)	(511)	(1,417)	-	(11,310)
Reclassification	-	5,628	(5,628)	391	3,166	96	3,267	(6,920)	-
At 31 December 2020/ 1 January 2021	1,619,301	849,193	87,981	115,839	189,542	11,303	26,949	40,920	2,941,028
Additions	-	934	27,553	9,202	20,242	1,816	3,133	27,344	90,224
Disposals	-	(5,004)	-	(49)	(124)	(16)	(212)	-	(5,405)
Written off	-	-	-	-	(301)	(398)	(1,989)	-	(2,688)
Reclassification	-	47,185	(47,185)	11,883	26,052	1,218	687	(39,840)	-
At 31 December 2021/ 1 January 2022	1,619,301	892,308	68,349	136,875	235,411	13,923	28,568	28,424	3,023,159
Additions	-	237	28,597	5,291	4,117	1,116	6,202	59,997	105,557
Disposals	-	(2,111)	-	(226)	(8)	(1)	(1,641)	-	(3,987)
Written off	-	(12,565)	-	(480)	(44)	(135)	(980)	(19)	(14,223)
Reclassification	-	36,697	(36,697)	3,260	7,337	115	289	(11,001)	-
At 31 December 2022/ 1 January 2023	1,619,301	914,566	60,249	144,720	246,813	15,018	32,438	77,401	3,110,506
Additions	4,203	-	45,981	6,762	42,289	7,537	5,506	56,050	168,328
Disposal	-	-	-	-	-	-	(321)	-	(321)
Written off	-	-	-	(180)	(9,759)	(169)	(557)	(326)	(10,991)
Reclassification	-	8,866	(8,866)	7,786	51,550	84	420	(59,840)	-
Effect of disposal of subsidiaries	-	-	-	-	(1)	(50)	(184)	-	(235)
Transfer to assets held for sale (Note 17)	(6,765)	-	-	-	-	-	-	-	(6,765)
At 31 December 2023	1,616,739	923,432	97,364	159,088	330,892	22,420	37,302	73,285	3,260,522

9. Property, plant and equipment (continued)

	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2020	-	330,921	-	31,915	67,388	4,328	16,424	-	450,976
Depreciation for the year	-	45,856	-	7,033	18,314	2,659	3,768	-	77,630
Disposals	-	-	-	(664)	(388)	(56)	(386)	-	(1,494)
Written off	-	(7,027)	-	(276)	(1,291)	(504)	(1,407)	-	(10,505)
At 31 December 2020/ 1 January 2021	-	369,750	-	38,008	84,023	6,427	18,399	-	516,607
Depreciation for the year	-	44,728	-	7,309	18,416	2,117	3,463	-	76,033
Disposals	-	(5,004)	-	(47)	(49)	(16)	(212)	-	(5,328)
Written off	-	-	-	-	(245)	(392)	(1,985)	-	(2,622)
At 31 December 2021/ 1 January 2022	-	409,474	-	45,270	102,145	8,136	19,665	-	584,690
Depreciation for the year	-	45,669	-	8,486	19,789	1,864	3,030	-	78,838
Disposals	-	-	-	(38)	(8)	(1)	(1,137)	-	(1,184)
Written off	-	(12,520)	-	(328)	(43)	(134)	(966)	-	(13,991)
At 31 December 2022/ 1 January 2023	-	442,623	-	53,390	121,883	9,865	20,592	-	648,353
Depreciation for the year	-	43,177	-	8,880	21,394	2,120	4,093	-	79,664
Disposal	-	-	-	-	-	-	(321)	-	(321)
Written off	-	-	-	(177)	(6,360)	(167)	(524)	-	(7,228)
Effect of disposal of subsidiaries	-	-	-	-	(1)	(50)	(184)	-	(235)
At 31 December 2023	-	485,800	-	62,093	136,916	11,768	23,656	-	720,233

9. Property, plant and equipment (continued)

	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated impairment									
At 1 January 2020/ 31 December 2020/ 1 January 2021	-	-	-	-	215	38	29	-	282
Reversal of impairment loss	-	-	-	-	(70)	-	-	-	(70)
At 31 December 2021/ 1 January 2022/ 31 December 2022/ 1 January 2023/ 31 December 2023	-	-	-	-	145	38	29	-	212
Carrying amounts									
At 1 January 2021	1,619,301	479,443	87,981	77,831	105,304	4,838	8,521	40,920	2,424,139
At 31 December 2021/ 1 January 2022	1,619,301	482,834	68,349	91,605	133,121	5,749	8,874	28,424	2,438,257
At 31 December 2022/ 1 January 2023	1,619,301	471,943	60,249	91,330	124,785	5,115	11,817	77,401	2,461,941
At 31 December 2023	1,616,739	437,632	97,364	96,995	193,831	10,614	13,617	73,285	2,540,077

9.1 Carrying amount of assets pledged as security for borrowings:

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Carrying amount of assets pledged as security for borrowings:				
- freehold land	407,346	407,346	407,346	407,346
- bearer assets	255,356	276,715	289,958	300,817
- immature bearer assets	46,777	27,814	28,874	30,283
- work-in-progress	16,880	32,086	13,779	-
	726,359	743,961	739,957	738,446

9. Property, plant and equipment (continued)

9.2 Title deed

Included in the freehold land of the Group are amounts of RM311 million (2022: RM1,010 million, 2021: RM1,010 million, 2020: RM1,010 million) where the title deeds are not registered under the name of the Group entities as at 31 December 2023 with only administrative matters to be completed for the title deeds to be registered under the name of the Group entities.

9.3 Material accounting policy information

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Bearer plants are living plants that are used in the production of agriculture produce for more than one period. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of maturity.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use, except for bearer plant which is depreciated over twenty two (22) years from the date it is ready for commercial harvesting. Freehold land is not depreciated. Property, plant and equipment under construction and immature bearer assets are not depreciated until the assets are ready for their intended use or when the bearer assets are declared mature. Immature bearer assets are estimated to mature 3 years from the planting date.

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

• Bearer assets (oil palm)	22 years from year of maturity
• Buildings	10 - 25 years
• Plant and machinery	10 - 13 years
• Motor vehicles	3 - 5 years
• Furnitures and fittings	5 - 10 years

10. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Office equipment RM'000	Total RM'000
At 1 January 2020	1,668,123	1,188	116	1,669,427
Additions	22,339	104	-	22,443
Amortisation for the year	(29,184)	(465)	(15)	(29,664)
Derecognition	(2,436)	(243)	(89)	(2,768)
At 31 December 2020/ 1 January 2021	1,658,842	584	12	1,659,438
Additions	-	1,420	45	1,465
Amortisation for the year	(30,580)	(532)	(18)	(31,130)
Derecognition	(37)	(56)	(1)	(94)
At 31 December 2021/ 1 January 2022	1,628,225	1,416	38	1,629,679
Additions	1,028	73	-	1,101
Amortisation for the year	(27,860)	(248)	-	(28,108)
Modification	-	(829)	(37)	(866)
Derecognition	-	(8)	(1)	(9)
At 31 December 2022/ 1 January 2023	1,601,393	404	-	1,601,797
Additions	4,934	1,427	-	6,361
Amortisation for the year	(28,423)	(641)	-	(29,064)
Modification	105,449	116	-	105,565
Derecognition	-	(354)	-	(354)
At 31 December 2023	1,683,353	952	-	1,684,305

Included in leasehold land are:

a) Leasehold land of the Group with carrying amounts of RM1,578 million (2022: RM1,597 million, 2021: RM1,619 million, 2020: RM1,643 million) which have lease periods expiring between 2087 to 2911.

b) The Group had a lease arrangement with the ultimate holding corporation, Johor Corporation ("JCorp") for the lease of estate land for a period of 3 years which comprises four (4) estates (together with all buildings erected thereon) known as Bukit Payung, Tunjuk Laut, Bukit Kelompok and Pasir Logok since 2020. In 2023, the lease arrangement was approaching its expiry and thus, the Group has extended the existing lease arrangement for another 3 years commencing from 1 July 2023. Despite the lease was only extended for another 3 years, given that the Group has planted bearer assets on the land, the Group is of the view that the Group is reasonably certain to extend the lease arrangement beyond 3 years. Consequently, in the assessment of lease period for the purpose of computing the lease liability and right-of-use assets, the Group uses 25 years which is the total estimated useful life of bearer assets. As for the lease payments beyond 3 years contracted period, the Group uses the current lease rate to measure the lease liability. The lease arrangement extension is not accounted for as a separate lease and at the effective date of lease modification, the lease liabilities have been remeasured by discounting the revised lease payments using a revised discount rate determined based on the Group's incremental borrowing rate at the effective date of the lease modification. The remeasurement of lease liabilities resulted in corresponding adjustments to the right-of-use assets.

10. Right-of-use assets (continued)

Included in leasehold land are (continued) :

10.1 Asset pledged as security for borrowings

Leasehold land of the Group with carrying amounts of RM1,355 million (2022: RM1,146 million, 2021: RM1,162 million, 2020: RM1,179 million) are pledged to secure loans and borrowings (Note 20).

10.2 Leasehold land title deed

Included in the leasehold land of the Group are amounts of RM268 million (2022: RM679 million, 2021: RM688 million, 2020: RM696 million) where the title deeds are not registered under the name of the Group entities as at the end of the reporting period with only administrative matters to be completed for the title deeds to be registered under the name of the Group entities.

10.3 Material accounting policy information

(a) Lease and non-lease components

At inception or reassessment of a contract containing a lease component, the Group allocates the consideration in the contract to each lease and non-lease component based on 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.

(b) Recognition exemption

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

11. Intangible assets

	Goodwill RM'000	Trademark RM'000	Total RM'000
Cost			
At 1 January 2020/31 December 2020/ 1 January 2021	627	244	871
Written off	-	(244)	(244)
At 31 December 2021/1 January 2022/ 31 December 2022/1 January 2023	627	-	627
Disposal of a subsidiary	(627)	-	(627)
At 31 December 2023	-	-	-
Amortisation			
At 1 January 2020	-	98	98
Amortisation for the year	-	24	24
At 31 December 2020/1 January 2021	-	122	122
Amortisation for the year	-	14	14
Written off	-	(136)	(136)
At 31 December 2021/1 January 2022/ 31 December 2022/1 January 2023/ 31 December 2023	-	-	-
Carrying amount			
At 1 January 2021	627	122	749
At 31 December 2021/1 January 2022	627	-	627
At 31 December 2022/1 January 2023	627	-	627
At 31 December 2023	-	-	-

12. Trade and other receivables

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Non-current					
Non-trade					
Amount due from ultimate holding corporation	12.1	-	3,461	3,441	3,593
Less: Allowance for impairment loss		-	(17)	-	(10)
		-	3,444	3,441	3,583
Deposit	12.2	-	60,531	60,531	60,531
		-	63,975	63,972	64,114

12. Trade and other receivables (continued)

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Current					
Trade					
Trade receivables		39,513	43,446	85,262	44,865
Less: Allowance for impairment loss		(1,739)	(1,457)	(2,247)	(1,992)
		37,774	41,989	83,015	42,873
Amount due from ultimate holding corporation	12.1	8	72	81	106
Less: Allowance for impairment loss		-	-	(17)	(7)
		8	72	64	99
Amount due from related companies	12.4	617	334	1,111	541
Less: Allowance for impairment loss		(15)	(23)	(5)	(5)
		602	311	1,106	536
Non-trade					
Others receivables		11,000	4,862	3,769	750
Less: Allowance for impairment loss		(289)	(247)	(99)	(80)
		10,711	4,615	3,670	670
Amount due from ultimate holding corporation	12.1	-	-	2	-
Amount due from immediate holding company	12.3	-	127,072	73,331	58,556
Amount due from related companies	12.4	-	9,391	1,040	4,363
Less: Allowance for impairment loss		-	(78)	-	(611)
		-	9,313	1,040	3,752
Deposits		1,215	218	1,491	441
Prepayments		5,924	1,515	1,336	2,579
		56,234	185,105	165,055	109,506

12. Trade and other receivables (continued)

12.1 Amount due from ultimate holding corporation

The outstanding amounts in previous years of 2022: RM3.46 million, 2021: RM3.44 million and 2020: RM3.59 million unsecured, borne interest of 2022: 3.79%, 2021: 4.11% and 2020: 4.26% per annum and had no fixed term of repayment.

Other than as disclosed above, the other non-trade amount due from ultimate holding corporation is generally unsecured, non-interest bearing and repayable on demand.

12.2 Non-current deposit

The deposit in other non-current assets was part payment of the purchase price amounting to RM60.53 million for the acquisition of four (4) pieces of land from the ultimate holding corporation in 2020.

In year 2023, the Group, however, had a change in plan and no longer intends to acquire the land from the ultimate holding corporation. As such, the deposit was novated to the immediate holding company and was settled as part of the dividend declared to the immediate holding company of RM69.79 million on 31 March 2023 which was settled by contra.

12.3 Amounts due from immediate holding company

These amounts were unsecured, borne interest of 4.59% to 5.85% (2022: 3.19% to 4.47%, 2021: 3.44% to 4.41%, 2020: 3.95% to 5.22%) per annum and are repayable on demand.

12.4 Amounts due from related companies

The outstanding amounts in previous years of 2022: RM9.17 million, 2021: RM1.29 million and 2020: RM1.22 million which bear interest of 2022: 3.19% to 3.74%, 2021: 3.44% to 4.11% and 2020: 3.95% to 4.26% per annum are repayable on demand.

Other than as disclosed above, the other non-trade amounts due from related companies are generally unsecured, non-interest bearing and repayable on demand.

13. Biological assets

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Fresh fruit bunches				
At 1 January	22,713	39,465	19,148	5,891
Changes in fair value recognised in profit or loss	2,479	(16,752)	20,317	13,257
At 31 December	25,192	22,713	39,465	19,148

During the financial year ended, the Group has harvested approximately 1,034,153 metric tonnes ("mt") (2022: 1,111,524 mt, 2021: 1,035,343 mt, 2020: 1,055,580 mt) of fresh fruit bunches ("FFB").

The Group has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on the income approach which considers the net present value of all directly attributable net cashflows including imputed contributory asset charges. Biological assets are classified as current assets for bearer plants that are expected to be harvested.

The significant unobservable inputs used in the valuation models include FFB price of RM764/mt to RM834/mt (2022: RM563/mt to RM711/mt, 2021: RM1,069/mt to RM1,211/mt, 2020: RM748/mt to RM861/mt).

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy. If the selling price of the FFB increase or decrease by 5%, profit or loss of the Group would have increased or decreased by approximately RM1.48 million (2022: RM1.39 million, 2021: RM3.0 million, 2020: RM1.46 million).

14. Inventories

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Cost				
Raw materials and consumables	9,066	46,513	7,875	7,588
Finished goods	20,826	20,177	13,791	10,896
	29,892	66,690	21,666	18,484

14.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the first-in, first-out method.

15. Other investments

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Amortised cost					
Deposits placed with licensed banks	15.1	347	767	531	484
Deposits pledged with licensed bank	15.2	26,035	25,187	27,057	26,731
		26,382	25,954	27,588	27,215

15.1 Deposits placed with licensed banks

The weighted average interest rate per annum of the fixed deposits of the Group is 2.56% (2022: 2.34%, 2021: 2.35%, 2020: 3.04%) per annum.

The weighted average maturities of the fixed deposits of the Group is 262 days (2022: 244 days, 2021: 319 days, 2020: 319 days).

15.2 Deposits pledged with licensed bank

The deposits pledged with licensed banks of the Group is pledged for bank facilities granted to the Group.

The weighted average interest rate per annum of the fixed deposits is 3.36% (2022: 2.32%, 2021: 2.20%, 2020: 3.15%).

The weighted average maturities of the deposits pledged with licensed bank of the Group is 91 days (2022: 244 days, 2021: 365 days, 2020: 365 days).

15.3 Material accounting policy information

Deposit with licensed banks

The Group classify deposits with licensed bank not held for working capital purposes that has a maturity of more than three months as other investments.

16. Cash and cash equivalents

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	105,184	6,509	7,529	6,477
Cash held on behalf by immediate holding company	-	-	190,460	149,598
Short-term money market funds	35,504	18,944	331	444
	140,688	25,453	198,320	156,519

Short-term money market funds of the Group are highly liquid fund investments which can be realised within 2 days (2022: 2 days, 2021: 2 days, 2020: 7 days). They bear interest of 3.00% (2022: 2.07%, 2021: 2.84%, 2020: 1.78%) per annum.

17. Assets classified as held for sale

The Group presented 2 of its freehold land as asset classified held for sale following the commitment of the Group's management to sell the freehold land to related companies where the sale is expected to be completed by 2024.

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment					
Freehold land	9	6,765	-	-	-

18. Capital and reserves

	Number of shares 2023	Amount 2023 RM'000	Number of shares 2022	Amount 2022 RM'000	Number of shares 2021	Amount 2021 RM'000	Number of shares 2020	Amount 2020 RM'000
Issued and fully paid ordinary shares with no par value classified as equity instruments:								
At 1 January	1,329,362,794	1,329,363	36,432,000	36,432	36,432,000	36,432	36,432,000	36,432
Issuance of ordinary shares	172,636,978	172,637	1,292,930,794	1,292,931	-	-	-	-
At 31 December	1,501,999,772	1,502,000	1,329,362,794	1,329,363	36,432,000	36,432	36,432,000	36,432

Ordinary shares

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.

Invested equity

For the purpose of these consolidated financial statements, the invested equity was the aggregate of the share capital of the Group's acquired subsidiaries and has been reversed against other reserve on the restructuring completion date of 1 December 2022.

Other reserves

Other reserves of the Group relates to the surplus or deficit in respect of the consideration received over the book value of the transferees or acquirees under the common control transactions as disclosed in Note 32.1 and Note 32.2.

19. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment	(179,756)	(180,507)	(300,736)	(298,839)
Right-of-use assets	(300,655)	(281,100)	(281,582)	(282,212)
Biological assets	(6,046)	(5,647)	(13,526)	(7,146)
Inventories	-	(147)	-	-
Other payables	433	3,860	6,215	7,290
Employee benefits	2,587	1,600	1,939	2,044
Lease liabilities	25,727	351	564	457
Unutilised tax losses and unabsorbed capital allowances	-	-	1,280	3,992
Tax liabilities	(457,710)	(461,590)	(585,846)	(574,414)

19. Deferred tax liabilities (continued)

Movement in temporary differences during the year

	At 1.1.2020 RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 7) RM'000	Recognised in other compre-hensive income RM'000	At 31.12.2023 RM'000
Property, plant and equipment	(296,887)	(1,952)	(298,839)	(1,897)	(300,736)	120,229	(180,507)	751	-	(179,756)
Right-of-use assets	(285,245)	3,033	(282,212)	630	(281,582)	482	(281,100)	(19,555)	-	(300,655)
Biological assets	(3,454)	(3,692)	(7,146)	(6,380)	(13,526)	7,879	(5,647)	(399)	-	(6,046)
Inventories	-	-	-	-	-	(147)	(147)	147	-	-
Other payables	5,912	1,378	7,290	(1,075)	6,215	(2,355)	3,860	(3,427)	-	433
Employee benefits	1,075	969	2,044	(105)	1,939	(339)	1,600	292	695	2,587
Lease liabilities	(605)	1,062	457	107	564	(213)	351	25,376	-	25,727
Unutilised tax losses and unabsorbed capital allowances	4,225	(233)	3,992	(2,712)	1,280	(1,280)	-	-	-	-
	(574,979)	565	(574,414)	(11,432)	(585,846)	124,256	(461,590)	3,185	695	(457,710)

19. Deferred tax liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses, expiring in:				
- 2029	-	-	-	5,636
- 2030	3,586	6,219	7,674	3,123
- 2031	243	243	311	382
- 2032	1,515	-	-	-
	5,344	6,462	7,985	9,141
Unabsorbed capital allowances	725	20	220	194
Other deductible temporary differences	-	-	666	714
	6,069	6,482	8,871	10,049

In accordance with the provision of Finance Act 2021 requirement, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) year from the respective year of assessment. Tax losses can only be utilised once capital allowance has been fully exhausted.

Global minimum top-up tax

As at 31 December 2023, the government of Malaysia has enacted new legislation to implement the global minimum top-up tax. The Group does not expect to be subjected to the top-up tax given that its operations are only within Malaysia and none of its subsidiaries are enjoying any sort of tax incentives or tax exemptions.

20. Borrowings

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Non-current				
Secured				
Term loan 1	318,130	377,740	419,759	468,081
Term loan 2	1,036,223	1,185,269	1,334,169	1,408,303
Term loan 3	16,942	16,155	8,874	-
Term loan 4	14,424	7,958	-	-
Term loan 5	28,025	-	-	-
Hire purchase	-	87	181	282
Unsecured				
Term loan 6	-	-	-	23,774
	1,413,744	1,587,209	1,762,983	1,900,440
Current				
Secured				
Term loan 1	59,610	28,383	39,540	24,543
Term loan 2	149,046	149,027	74,008	66,127
Term loan 3	1,019	847	-	-
Term loan 5	1,767	-	-	-
Hire purchase	31	94	99	152
Unsecured				
Term loan 6	-	-	-	800
Revolving credit	2,000	2,000	2,000	50,000
	213,473	180,351	115,647	141,622
	1,627,217	1,767,560	1,878,630	2,042,062

20. Borrowings (continued)

Changes in liabilities arising from financing activities:

	Note	Term loan 1 RM'000	Term loan 2 RM'000	Term loan 3 RM'000	Term loan 4 RM'000	Term loan 5 RM'000	Term loan 6 RM'000	Revolving credit RM'000	Hire purchase RM'000	Total RM'000
At 1 January 2020		497,622	1,419,432	-	-	-	108,603	70,000	487	2,096,144
Proceeds from borrowings net of transaction costs		-	70,000	-	-	-	10,971	219,000	-	299,971
Repayment of borrowings		(5,000)	(15,000)	-	-	-	(95,000)	(239,000)	(53)	(354,053)
At 31 December 2020/1 January 2021		492,622	1,474,432	-	-	-	24,574	50,000	434	2,042,062
Proceeds from borrowings net of transaction costs		459	1,231	8,873	-	-	7,041	62,000	-	79,604
Repayment of borrowings		(33,767)	(67,500)	-	-	-	(31,615)	(110,000)	(154)	(243,036)
At 31 December 2021/1 January 2022		459,314	1,408,163	8,873	-	-	-	2,000	280	1,878,630
Proceeds from borrowings net of transaction costs		445	1,134	8,129	7,958	-	-	380,000	-	397,666
Novated to immediate holding company	20.8	(11,200)	-	-	-	-	-	(90,000)	-	(101,200)
Repayment of borrowings		(42,437)	(75,000)	-	-	-	-	(290,000)	(99)	(407,536)
At 31 December 2022/1 January 2023		406,122	1,334,297	17,002	7,958	-	-	2,000	181	1,767,560
Proceeds from borrowings net of transaction costs		418	972	1,648	6,466	29,792	-	-	-	39,296
Repayment of borrowings		(28,800)	(150,000)	(689)	-	-	-	-	(117)	(179,606)
Disposal of subsidiary		-	-	-	-	-	-	-	(33)	(33)
At 31 December 2023		377,740	1,185,269	17,961	14,424	29,792	-	2,000	31	1,627,217

20. Borrowings (continued)

20.1 Term loan 1

The term loan bears interest ranging from 4.57% to 5.00% (2022: 3.66% to 4.25%, 2021: 3.38% to 3.60%, 2020: 3.65% to 5.00%) per annum and is repayable via 28 quarterly instalments (excluding interest), with the first instalment commencing in March 2020 and the final instalment in December 2026. The instalments progressively increase towards the final instalments with the amounts ranging from RM 2.5 million to RM188.80 million.

20.2 Term loan 2

The term loan bears interest at 4.32% to 5.05% (2022: 3.67% to 3.72%, 2021: 3.35%, 2020: 3.33% to 4.60%) per annum and is repayable via 45 quarterly instalments (excluding interest), with the first instalment commencing in December 2020 and the final instalment in December 2031. The instalments progressively increase towards the final instalments with the amounts ranging from RM15 million to RM686.25 million.

20.3 Term loan 3

The term loan bears interest at 4.83% to 5.50% (2022: 3.60% to 5.19%, 2021: 3.60%, 2020: NIL) per annum and is repayable via 120 months instalments inclusive of 24 months principal grace period, with the first instalment commencing in August 2021 and the final instalment in July 2031.

20.4 Term loan 4

The term loan bears interest at 5.05% (2022: 3.69%, 2021: NIL, 2020: NIL) per annum and is repayable via 120 months instalments inclusive of 24 months principal grace period, with the first instalment commencing in January 2023 and the final instalment in December 2032.

20.5 Term loan 5

The term loan bears interest at 5.11% (2022: NIL, 2021: NIL, 2020: NIL) per annum and is repayable via 40 quarterly instalments (excluding interest), with the first instalment commencing in March 2024 and the final instalment in December 2033. The instalments progressively increase towards the final instalments with the amounts ranging from RM0.45 million to RM1.35 million.

20. Borrowings (continued)

20.6 Significant covenants

In connection with the term loan facilities, the Group has agreed on the following significant covenants with the lenders:

(i) Johor Plantations Group Berhad and its subsidiaries ("collectively known as the Group") shall maintain a Financing Payment Cover Ratio ("FPCR") including cash balance of not less than 1.20 times throughout the tenure of the Facilities.

FPCR is defined as Total Available Cashflow over Total Financing Payment and Debt Service Obligation.

Total Financing Payment and Debt Service Obligations means for the preceding financial year of the Group, the aggregation of (i) opening cash and bank balances which are available for financing payment and debt servicing of the Group; and (ii) the Group's profit before tax and zakat before deductions of all profit portion paid/payable under the Islamic financings, interest, depreciation and amortisation and after deduction of additions to non-current assets.

Total Financing Payment and Debt Service Obligations means:

(a) The aggregate amount paid/payable (including profit portion thereon) under the Facilities for the preceding financial year; and

(b) Monies payable for the preceding financial year under other Islamic financings obtained and borrowings incurred by the Group.

(ii) The Company shall ensure that commencing from the financial year ended 2021 and thereafter throughout the tenure of the Facilities, the Group's Total Available Cashflow over Total Financing Payment and Debt Service Obligations is not less than one point two times.

(iii) The Company shall ensure that the Minimum Security Cover of at least one point three times is to be maintained throughout the tenure of the Facilities.

Minimum security cover is defined as the aggregate market value of the assets pledged as determined by an independent valuer acceptable to the lender based on the latest valuation report over all sums outstanding under the Facilities.

(iv) The Company shall ensure that the Gearing Ratio, on consolidated basis shall not throughout the tenure of the Facilities at any time exceed one time.

Gearing ratio is defined as total bank financings and borrowed funds including hire purchase divided by shareholders' funds less intangibles.

20.7 Security

The borrowings are secured over certain property, plant and equipment and right-of-use assets of the Group as disclosed in Notes 9 and 10.

20. Borrowings (continued)

20.8 Novation of loan

As part of the reorganisation exercise in 2022, the loan which is registered under the name of the immediate holding company had been transferred to the Company. In the same year, the loan was novated back to the immediate holding company resulting to an equivalent amount payable to the immediate holding company as disclosed in Note 23.1. The Group will reimburse the immediate holding company for the immediate holding company's payment to the bank for the novated loan's interest, penalty, fees and principal repayment which will due from year 2025 onwards.

20.9 Borrowings facility

The term loan 1 and 2 are jointly registered under the name of the immediate holding company and the name of the Company as at the end of the reporting year with only administrative matters to be completed for the borrowing facilities to be solely registered under the name of the Company.

21. Employee benefits

The Group operates a defined benefit retirement scheme for its eligible employees, which is unfunded. The estimated obligations under the retirement benefit scheme are based on an actuarial valuation report prepared by a qualified independent actuary on 29 August 2023 (2022/2021/2020: 16 December 2020) covering the period from 2023 to 2025 (2022/2021/2020: 2020 to 2022).

The movements in respect of the retirement benefit plan are as follows:

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
At 1 January	6,666	8,080	8,517	4,478
Included in profit or loss				
Current service cost	1,334	601	500	4,191
Interest cost	714	353	325	298
	2,048	954	825	4,489
Included in other comprehensive income				
Remeasurement (gain)/loss				
Actuarial (gain)/loss arising from:				
- Financial assumptions	(889)	-	-	-
- Experience adjustments	3,784	-	-	-
	2,895	-	-	-
Other				
Contribution paid by the employer	(829)	(2,368)	(1,262)	(450)
At 31 December	10,780	6,666	8,080	8,517

21. Employee benefits (continued)

The charge to profit and loss was included in administrative expenses.

The retirement benefit obligations are in respect of the non-funded benefit plan. The liability is accrued at the present value of the defined benefit obligations using the projected unit method.

The principal assumptions used are as follows:

	2023	2022	2021	2020
Discount rate	4.70%	3.90%	3.90%	3.90%
Expected rate of salary increase	6%	4% - 6%	4% - 6%	4% - 6%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Defined benefit obligation	**2023**		**2022**		**2021**		**2020**	
	Increase RM	**Decrease RM**	**Increase RM**	**Decrease RM**	**Increase RM**	**Decrease RM**	**Increase RM**	**Decrease RM**
At end of the year								
Discount rate (1% movement)	(938)	1,130	(981)	1,181	(905)	1,087	(824)	984
Future salary growth (1% movement)	1,108	(936)	1,337	(1,119)	1,134	(957)	938	(800)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21.1 Material accounting policy information

(i) Defined benefit plans

The Group operates defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees in accordance with agreement between the Malayan Agricultural Producers Association ("MAPA") and the National Union of Plantation Workers as well as between MAPA and All Malayan Estates Staff Union.

21. Employee benefits (continued)

21.1 Material accounting policy information (continued)

(i) Defined benefit plans (continued)

The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value taking into account various factors including mortality and disability rates, turnover rates, future salary increases and estimated future cash outflows. These gratuity benefits are calculated based on the specified rates for each completed year of service.

The defined benefit liability is the aggregate of the present value of the defined benefit obligations (derived using a discount rate based on market yield at the valuation date of high quality corporate bonds) adjusted for actuarial gains or losses and past service costs. There are no assets which qualify as plan assets as these are unfunded arrangements.

Defined benefit costs comprise service costs, net interest on the net defined benefit liability and remeasurements of net defined benefit liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability.

22. Lease liabilities

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Maturity analysis				
Not more than 1 year	4,283	736	1,238	923
Later than 1 year and not more than 5 years	16,568	682	1,035	1,129
Later than 5 years	86,404	-	-	-
	107,255	1,418	2,273	2,052

Changes in liabilities arising from financing activities:

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
At 1 January	1,418	2,273	2,052	4,368
Addition	3,661	1,101	1,465	249
Net changes from financing cash flows	(2,996)	(1,309)	(1,262)	(1,045)
Modification	105,565	492	25	-
Derecognition	(393)	(1,139)	(7)	(1,520)
At 31 December	107,255	1,418	2,273	2,052

Included in lease liabilities are RM105.69 million, RM1.06 million and RM0.50 million (2022: RM NIL, RM0.39 million, RM0.98 million, 2021: RM1.42 million, RM0.63 million, RM0.001 million, 2020: RM1.11 million, RM0.57 million, RM0.004 million) in relation to the lease liabilities with ultimate holding corporation, immediate holding company and related company, respectively.

23. Trade and other payables

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Non-current					
Amount due to immediate holding company	23.1	-	101,200	-	-
Trade					
Trade payables		53,675	39,693	56,309	46,220
Non-trade					
Other payables		64,660	74,161	70,881	55,657
Accruals		17,075	25,616	50,655	71,931
Amount due to ultimate holding corporation	23.1	-	853	4,086	2,928
Amount due to immediate holding company	23.1	-	3,464	17,751	3,707
Amount due to related companies	23.2	272	4,986	5,577	7,940
		82,007	109,080	148,950	142,163
		135,682	148,773	205,259	188,383

23.1 Amount due to ultimate holding corporation and immediate holding company

In 2022, the Group novated to the immediate holding company the loan undertaken of RM101,200,000 which was undertaken by the immediate holding company on behalf of the Group.

In 2023, the Group received advancement from immediate holding company amounting to RM144,000,000. Subsequently, the Group has settled the amount due to immediate holding company by: -

i) repayment of RM14,650,000, in cash;

ii) contra of RM57,913,000 with the Group's amount due from immediate holding company; and

iii) issuance of 172,636,978 ordinary shares of RM1 each amounting to RM172,636,978 which is fully paid by contra with the Group's amount due to immediate holding company.

Other than disclosed above, the amounts due to ultimate holding corporation and immediate holding company are unsecured, non-interest bearing and are repayable on demand.

23. Trade and other payables (continued)

23.1 Amount due to ultimate holding corporation and immediate holding company (continued)

Changes in liabilities arising from financing activities:

	2023 RM'000	2022 RM'000
At 1 January	101,200	-
Loan undertaken by immediate holding company and novated to the Group	-	101,200
Proceeds from advancement from immediate holding company	144,000	-
Repayment of advancement from immediate holding company	(14,650)	-
Settlement by contra with amount due from immediate holding company	(57,913)	-
Issuance of new shares to immediate holding company	(172,637)	-
At 31 December	-	101,200

23.2 Amount due to related companies

The outstanding amount in previous years of 2022: RM3.60 million, 2021: RM0.24 million, 2020: RM0.16 million respectively, borne interest of 2022: 3.19% to 3.97%, 2021: 3.44% to 4.11%, 2020: 3.95% to 4.26% per annum and were repayable on demand.

Other than as disclosed above, the other non-trade amounts due to related companies are generally unsecured, non-interest bearing and repayable on demand.

24. Derivative financial liabilities

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Derivative at fair value				
Interest rate swap	-	-	-	3,788
Contractual nominal value				
Interest rate swap	-	-	-	400,000

In year 2020, the Group entered into interest rate swap contracts with nominal value of RM400 million that were designed to convert their floating interest rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rates on its borrowings. In year 2021, the Group has withdrawn from the interest rate swap contract.

25. Dividend

	Note	Sen per share	Total amount RM'000	Date of payment
2023				
First interim ordinary dividend	25.1	5.25	69,793	31 March 2023
2022				
First interim ordinary dividend		137.24	50,000	7 June 2022
Second interim ordinary dividend		89.21	32,500	30 November 2022 & 6 December 2022
			82,500	
2021				
First interim ordinary dividend		274.48	100,000	26 August 2021
Second interim ordinary dividend		274.48	100,000	2 December 2021
			200,000	
2020				
First interim ordinary dividend		82.35	30,000	21 September 2020
Second interim ordinary dividend		790.51	288,000	21 December 2020
			318,000	

25.1 There is no cash flow impact, as the dividend declared and paid, amounting to RM69,793,000 on 31 March 2023, was settled by contra.

26. Earnings per ordinary share

Basic earnings per ordinary share

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

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Profit attributable to ordinary shareholders		167,306	495,592	344,796	52,501
Weighted average number of ordinary shares at 31 December	26.1	2,036,000	1,801,986	49,385	49,385

	Note	2023 Sen	2022 Sen	2021 Sen	2020 Sen
Basic earnings per ordinary share	26.1	8	28	698	106

26.1 The weighted average number of shares have been adjusted retrospectively using the share split ratio of 1.36 shares for every one (1) share following the after year end share split exercise as disclosed in Note 33 (ii).

Diluted earnings per ordinary share

Diluted earnings per ordinary share as at 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020 are identical with basic earnings per ordinary share as the Group does not have any dilutive potential ordinary shares.

27. Operating segments

Operating segments are components in which separate financial information is available that is evaluated by the Management Committee ("MC") in deciding how to allocate resources and in assessing performance of the Group. The Group operates in the following reportable segments:

• Upstream	Production of palm oil and palm kernels.
• Others	Training, trading, production of Bio-Methane and other miscellaneous activities.

All of the Group's operations and its revenues are carried out and derived in Malaysia.

Performance is measured based on the consolidated profit for the year as included in the internal management reports that are reviewed by the MC on a monthly basis.

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the MC. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the MC. Segment total liabilities is used to measure the obligations of each segment.

27. Operating segments (continued)

Segment profit

2023	Upstream RM'000	Others RM'000	Total RM'000
Segment profit/(loss)	168,004	(2,279)	165,725
Included in the measurement of segment profit are:			
Revenue from external customers	1,239,887	13,558	1,253,445
Inter-segment revenue	-	10,674	10,674
Change in fair value on biological assets	2,479	-	2,479
Depreciation of property, plant and equipment	(77,903)	(1,761)	(79,664)
Amortisation of right-of-use assets	(28,902)	(162)	(29,064)
Finance income	2,679	104	2,783
Finance costs	(89,898)	(694)	(90,592)
Tax expense	(19,417)	(8)	(19,425)
Zakat	(1,763)	(7)	(1,770)
Assets			
Included in the measurement of segment assets are:			
Addition to property, plant and equipment	156,888	11,440	168,328
Addition to right-of-use assets	111,715	211	111,926
Segment assets	4,531,771	50,628	4,582,399
Segment liabilities	2,286,119	52,525	2,338,644
2022			
Segment profit/(loss)	495,634	(270)	495,364
Included in the measurement of segment profit are:			
Revenue from external customers	1,729,033	22,612	1,751,645
Inter-segment revenue	-	7,598	7,598
Change in fair value on biological assets	(16,752)	-	(16,752)
Depreciation of property, plant and equipment	(78,373)	(465)	(78,838)
Amortisation of right-of-use assets	(27,968)	(140)	(28,108)
Finance income	4,616	27	4,643
Finance costs	(72,875)	(263)	(73,138)
Tax expense	(67,419)	(135)	(67,554)
Zakat	(6,106)	(96)	(6,202)
Assets			
Included in the measurement of segment assets are:			
Addition to property, plant and equipment	96,501	9,056	105,557
Addition to right-of-use assets	162	73	235
Segment assets	4,422,836	55,300	4,478,136
Segment liabilities	2,461,308	40,536	2,501,844

27. Operating segments (continued)

Segment profit (continued)

2021	Upstream RM'000	Others RM'000	Total RM'000
Segment profit	344,608	8	344,616
Included in the measurement of segment profit are:			
Revenue from external customers	1,531,577	17,658	1,549,235
Inter-segment revenue	-	11,797	11,797
Change in fair value on biological assets	20,317	-	20,317
Depreciation of property, plant and equipment	(75,479)	(554)	(76,033)
Amortisation of right-of-use assets	(30,998)	(132)	(31,130)
Finance income	2,213	-	2,213
Finance costs	(68,903)	(40)	(68,943)
Tax expense	(139,562)	(315)	(139,877)
Zakat	(4,025)	(30)	(4,055)
Assets			
Included in the measurement of segment assets are:			
Addition to property, plant and equipment	76,303	13,921	90,224
Addition to right-of-use assets	1,137	328	1,465
Segment assets	4,544,298	41,405	4,585,703
Segment liabilities	2,685,966	25,788	2,711,754
2020			
Segment profit/(loss)	53,897	(1,591)	52,306
Included in the measurement of segment profit are:			
Revenue from external customers	1,008,715	12,044	1,020,759
Inter-segment revenue	-	13,787	13,787
Change in fair value on biological assets	13,257	-	13,257
Depreciation of property, plant and equipment	(77,108)	(522)	(77,630)
Amortisation of right-of-use assets	(29,404)	(260)	(29,664)
Finance income	2,843	-	2,843
Finance costs	(89,475)	(29)	(89,504)
Tax expense	(62,565)	(145)	(62,710)
Zakat	(2,570)	(25)	(2,595)
Assets			
Included in the measurement of segment assets are:			
Addition to property, plant and equipment	73,476	1,091	74,567
Addition to right-of-use assets	22,308	135	22,443
Segment assets	4,461,190	19,148	4,480,338
Segment liabilities	2,827,798	8,882	2,836,680

27. Operating segments (continued)

Major customers

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

	Revenue			
	2023 RM'000	**2022 RM'000**	**2021 RM'000**	**2020 RM'000**
Customer A	478,918	730,868	658,033	419,484
Customer B	76,742	38,622	154,609	207,480
Customer C	283,837	391,634	143,290	34,682
Customer D	211,330	33,624	100,988	74,556

28. Financial instruments

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments.

2023	**Carrying amount RM'000**	**Amortised cost ("AC") RM'000**	**Fair value through profit or loss ("FVTPL") RM'000**
Financial assets			
Trade and other receivables*	50,310	50,310	-
Other investments	26,382	26,382	-
Cash and cash equivalents	140,688	105,184	35,504
	217,380	181,876	35,504
Financial liabilities			
Trade and other payables	135,682	135,682	-
Borrowings	1,627,217	1,627,217	-
	1,762,899	1,762,899	-
2022			
Financial assets			
Trade and other receivables*	247,565	247,565	-
Other investments	25,954	25,954	-
Cash and cash equivalents	25,453	6,509	18,944
	298,972	280,028	18,944
Financial liabilities			
Trade and other payables	249,973	249,973	-
Borrowings	1,767,560	1,767,560	-
	2,017,533	2,017,533	-

* Excludes non-financial instrument

28. Financial instruments (continued)

28.1 Categories of financial instruments (continued)

2021	Carrying amount RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000
Financial assets			
Trade and other receivables*	227,691	227,691	-
Other investments	27,588	27,588	-
Cash and cash equivalents	198,320	197,989	331
	453,599	453,268	331
Financial liabilities			
Trade and other payables	205,259	205,259	-
Borrowings	1,878,630	1,878,630	-
	2,083,889	2,083,889	-
2020			
Financial assets			
Trade and other receivables*	171,041	171,041	-
Other investments	27,215	27,215	-
Cash and cash equivalents	156,519	156,075	444
	354,775	354,331	444
Financial liabilities			
Trade and other payables	188,383	188,383	-
Borrowings	2,042,062	2,042,062	-
Derivative financial liabilities	3,788	-	3,788
	2,234,233	2,230,445	3,788

* Excludes non-financial instrument

28.2 Net gains and losses arising from financial instruments

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	2,562	5,189	2,550	3,619
Financial liabilities at amortised cost	(87,832)	(72,754)	(68,520)	(88,946)
	(85,270)	(67,565)	(65,970)	(85,327)

28. Financial instruments (continued)

28.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, related parties, other investments and cash and cash equivalents. There is no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

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

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure expected credit loss ("ECLs") of trade receivables.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

28. Financial instruments (continued)

28.4 Credit risk (continued)

Trade receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2023			
Not past due	33,741	-	33,741
Past due 1 - 60 days	2,641	-	2,641
Past due 61 - 90 days	198	-	198
Past due 90 days	2,933	(1,739)	1,194
	39,513	(1,739)	37,774
2022			
Not past due	38,799	-	38,799
Past due 1 - 60 days	652	-	652
Past due 61 - 90 days	172	-	172
Past due 90 days	3,823	(1,457)	2,366
	43,446	(1,457)	41,989
2021			
Not past due	81,070	-	81,070
Past due 1 - 60 days	552	-	552
Past due 61 - 90 days	253	-	253
Past due 90 days	3,387	(2,247)	1,140
	85,262	(2,247)	83,015
2020			
Not past due	41,392	-	41,392
Past due 1 - 60 days	803	-	803
Past due 61 - 90 days	293	-	293
Past due 90 days	2,377	(1,992)	385
	44,865	(1,992)	42,873

28. Financial instruments (continued)

28.4 Credit risk (continued)

Trade receivables (continued)

The movements in the allowance for impairment in respect of trade receivables are shown below:

	Credit impaired RM'000
Balance at 1 January 2020	2,893
Net remeasurement of loss allowance	(901)
Balance at 31 December 2020/1 January 2021	1,992
Net remeasurement of loss allowance	255
Balance at 31 December 2021/1 January 2022	2,247
Net remeasurement of loss allowance	(790)
Balance at 31 December 2022/1 January 2023	1,457
Net remeasurement of loss allowance	282
Balance at 31 December 2023	1,739

Related parties

Risk management objectives, policies and processes for managing the risk

The Group has exposure to credit risk through its trade and non-trade receivables from related parties where recoverability of the balances are monitored on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of each reporting period, the maximum exposures to credit risk are represented by their respective carrying amounts in the statement of financial position.

Amount due from related parties are not secured by any collateral or supported by any other credit enhancements.

28. Financial instruments (continued)

28.4 Credit risk (continued)

Related parties (continued)

Recognition and measurement of impairment loss

Generally, the Group considers balances due from related parties to have low credit risk. The Group assumes that there is significant increase in credit risk when a related party's financial position deteriorates significantly. The Group considers the balances to be in default when the related parties are not able to pay when demanded. The Group considers balances due from related parties to be credit impaired when:

- The related parties are unlikely to repay its amount due to the Group in full;
- The related parties are overdue for more than 365 days; or
- The related parties are continuously loss making and are having a deficit shareholders' fund.

The Group determines the probability of default for these balances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for receivables from related parties.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2023			
Low credit risk	625	(15)	610
2022			
Low credit risk	200,861	(118)	200,743
2021			
Low credit risk	139,537	(22)	139,515
2020			
Low credit risk	127,690	(633)	127,057

28. Financial instruments (continued)

28.4 Credit risk (continued)

Related parties (continued)

Recognition and measurement of impairment loss (continued)

The movement in the allowance for impairment in respect of related parties are shown below:

	Credit impaired RM'000
Balance at 1 January 2020	537
Net remeasurement of loss allowance	96
Balance at 31 December 2020/1 January 2021	633
Net remeasurement of loss allowance	(611)
Balance at 31 December 2021/1 January 2022	22
Net remeasurement of loss allowance	96
Balance at 31 December 2022/1 January 2023	118
Net remeasurement of loss allowance	(103)
Balance at 31 December 2023	15

Other receivables

Credit risks on other receivables are mainly arising from non-trade receivables.

The Group performs individual assessment on each individual receivables and considers a receivable to be credit impaired when the Group has initiated recovery but is unable to reach settlement with the debtors.

As at the end of each reporting period, the maximum exposures to credit risk is represented by their respective carrying amounts in the statements of financial position.

The following table provides information about the exposure to credit risk and ECLs for other receivables.

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
2023			
Low credit risk	10,711	-	10,711
Credit impaired	289	(289)	-
	11,000	(289)	10,711

28. Financial instruments (continued)

28.4 Credit risk (continued)

Other receivables (continued)

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
2022			
Low credit risk	4,615	-	4,615
Credit impaired	247	(247)	-
	4,862	(247)	4,615
2021			
Low credit risk	5,161	-	5,161
Credit impaired	99	(99)	-
	5,260	(99)	5,161
2020			
Low credit risk	1,111	-	1,111
Credit impaired	80	(80)	-
	1,191	(80)	1,111

The movement in the allowance for impairment in respect of other receivables are shown below:

	Credit impaired RM'000
Balance at 1 January 2020	51
Net remeasurement of loss allowance	29
Balance at 31 December 2020/1 January 2021	80
Net remeasurement of loss allowance	19
Balance at 31 December 2021/1 January 2022	99
Net remeasurement of loss allowance	148
Balance at 31 December 2022/1 January 2023	247
Net remeasurement of loss allowance	42
Balance at 31 December 2023	289

28. Financial instruments (continued)

28.4 Credit risk (continued)

Other investments and cash and cash equivalents

The other investments and cash and cash equivalents are held with licensed banks and financial institutions. As at the end of each reporting period, the maximum exposures to credit risk are represented by their respective carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by a government agency. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

28.5 Liquidity risk

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

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

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

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate/ Incremental borrowing rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2023						
Trade and other payables	135,682	-	135,682	135,682	-	-
Term loans and revolving credit	1,627,186	3.92% - 5.99%	1,899,108	279,627	1,103,937	515,544
Hire purchase liabilities	31	4.71% - 4.74%	34	34	-	-
Lease liabilities	107,255	3.44% - 4.98%	160,207	8,079	33,608	118,520
	1,870,154		2,195,031	423,422	1,137,545	634,064
2022						
Trade and other payables	249,973	-	249,973	148,773	101,200	-
Term loans and revolving credit	1,767,379	3.60% - 5.92%	2,225,081	355,202	1,193,583	676,296
Hire purchase liabilities	181	3.46% - 4.98%	235	119	116	-
Lease liabilities	1,418	3.44% - 4.98%	2,147	1,316	831	-
	2,018,951		2,477,436	505,410	1,295,730	676,296

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ Incremental borrowing rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2021						
Trade and other payables	205,259	-	205,259	205,259	-	-
Term loans and revolving credit	1,878,350	3.60% - 5.19%	2,445,486	220,405	1,362,734	862,347
Hire purchase liabilities	280	3.44% - 4.98%	356	121	235	-
Lease liabilities	2,273	3.44% - 4.98%	3,552	1,405	2,147	-
	2,086,162		2,654,653	427,190	1,365,116	862,347
2020						
Trade and other payables	188,383	-	188,383	188,383	-	-
Term loans and revolving credit	2,041,628	4.18% - 4.94%	2,583,051	137,566	1,133,067	1,312,418
Hire purchase liabilities	434	3.44% - 4.98%	506	150	356	-
Derivative financial liabilities	3,788	3.89%	3,788	3,788	-	-
Lease liabilities	2,052	3.44% - 4.98%	2,559	1,104	1,455	-
	2,236,285		2,778,287	330,991	1,134,878	1,312,418

28. Financial instruments (continued)

28.6 Market risk

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

28.6.1 Currency risk

The Group is not exposed to foreign currency risk as the Group does not have foreign currency transactions in sales, purchases and borrowings that are denominated in a currency other than the Group's functional currency.

28.6.2 Interest rate risk

The Group's investments in fixed rate deposits with licensed banks, other licensed corporations and intercompany balances are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The interest rate exposure is monitored and managed proactively by the Group's management.

Exposure to interest rate risk

The interest rate profile of the Group's significant profit interest-bearing financial instruments, based on carrying amount as at the end of each reporting year are as follows:

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets	26,382	165,730	304,050	247,207
Financial liabilities	(107,286)	(5,195)	(2,797)	(6,435)
	(80,904)	160,535	301,253	240,772
Floating rate instruments				
Financial liabilities	(1,627,186)	(1,767,379)	(1,878,350)	(2,041,628)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of each reporting year would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**
2023		
Floating rate instruments	(12,367)	12,367
2022		
Floating rate instruments	(13,432)	13,432
2021		
Floating rate instruments	(14,275)	14,275
2020		
Floating rate instruments	(15,516)	15,516

28.7 Fair value information

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

The table below analyses other financial instruments at fair value.

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2023					
Financial assets					
Measured at fair value					
Short-term money market funds	-	35,504	-	35,504	35,504
Financial liabilities					
Not measured at fair value					
Hire purchase liabilities	-	-	31	31	31
Term loans and revolving credit	-	-	1,627,186	1,627,186	1,627,186

28. Financial instruments (continued)

28.7 Fair value information (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2022					
Financial assets					
Measured at fair value					
Short-term money market funds	-	18,944	-	18,944	18,944
Not measured at fair value					
Amount due from ultimate holding corporation	-	-	60,564	60,564	63,975
Financial liabilities					
Not measured at fair value					
Amount due to immediate holding company	-	-	95,804	95,804	101,200
Hire purchase liabilities	-	-	215	215	181
Term loans and revolving credit	-	-	1,775,969	1,775,969	1,767,379
2021					
Financial assets					
Measured at fair value					
Short-term money market funds	-	331	-	331	331
Not measured at fair value					
Amount due from ultimate holding corporation	-	-	61,140	61,140	63,972

28. Financial instruments (continued)

28.7 Fair value information (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2021 (continued)					
Financial liabilities					
Not measured at fair value					
Hire purchase liabilities	-	-	325	325	280
Term loans and revolving credit	-	-	1,972,737	1,972,737	1,878,350
2020					
Financial assets					
Measured at fair value					
Short-term money market funds	-	444	-	444	444
Not measured at fair value					
Amount due from ultimate holding corporation	-	-	61,213	61,213	64,114
Financial liabilities					
Measured at fair value interest					
Interest rate swap	-	3,788	-	3,788	3,788
Not measured at fair value					
Hire purchase liabilities	-	-	453	453	434
Term loans and revolving credit	-	-	2,005,221	2,005,221	2,041,628

28. Financial instruments (continued)

28.7 Fair value information (continued)

Level 2 fair value

The following table shows the valuation techniques used in the determination of fair value within Level 2, as well as the key unobservable inputs used in the valuation models.

Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
• Short-term money market funds • Interest rate swap	Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value:

Type	Description of valuation technique and inputs used
• Amount due from ultimate holding corporation • Amount due to immediate holding company • Hire purchase • Term loans and revolving credit	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities reporting date.

28.8 Material accounting policy information

The Group applies settlement date accounting for regular way purchase or sale of financial assets.

29. Capital management

The Group's objective when managing capital is to maintain a sufficiently adequate capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor and creditor confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

The debt-to-equity ratios were as follows:-

	Note	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Amount due to immediate holding company	23	-	101,200	-	-
Borrowings	20	1,627,217	1,767,560	1,878,630	2,042,062
Lease liabilities	22	107,255	1,418	2,273	2,052
Less: Cash and cash equivalents	16	(140,688)	(25,453)	(198,320)	(156,519)
Less: Other investments	15	(26,382)	(25,954)	(27,588)	(27,215)
		1,567,402	1,818,771	1,654,995	1,860,380
Total equity		2,243,755	1,976,292	1,873,949	1,643,658
Debt-to-equity ratio		0.70	0.92	0.88	1.13

There were no changes in the Group's approach to capital management during each financial year.

30. Commitments

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Authorised capital expenditure in respect of property, plant and equipment not provided for in the financial statements at the end of each financial year:				
- Contracted for	37,092	28,233	47,683	57,597
- Not contracted for	41,372	3,265	69,118	25,988

31. Related parties

Identity of related parties

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

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

The Group has related party relationship with its ultimate holding corporation, immediate holding company, related companies and key management personnel.

All entities within the Johor Corporation Group are considered related companies/ parties.

Significant related party transactions

The significant related party transactions of the Group are shown below.

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
A. Ultimate holding corporation				
Purchases of fresh fruit bunches	-	-	-	(19,358)
Lease prepayment	-	-	-	(19,220)
B. Related companies				
Sales of crude palm oil	2,401	5,937	9,727	10,360
Purchases of fresh fruit bunches	-	-	(5,150)	(33,829)
C. Key management personnel				
Directors				
- Fees	1,127	414	395	60
- Remuneration	1,608	1,738	904	959
- Estimated money value of any other benefits	83	112	64	23
	2,818	2,264	1,363	1,042
Other key management personnel				
- Fees	-	-	-	76
- Remuneration	2,551	3,322	4,374	5,357
- Estimated money value of any other benefits	74	77	96	18
	2,625	3,399	4,470	5,451

31. Related parties (continued)

Significant related party transactions (continued)

Government-related entities

Certain government-linked corporations are related to the Group by virtue of Johor Corporation ("JCorp"), indirect effective interest in the Company of 96.33% (2022/2021/2020: 96.07%). JCorp was incorporated through the Johor Corporation Enactment No. 4, 1968 (As amended by the Enactment No. 5, 1995) as the principal development institution to drive the growth of the state's economy.

The bodies or entities controlled or jointly controlled by the State of Johor ("State Government") are related parties of the Group. The Group enters into transactions with many of these bodies or entities, which include but are not limited to purchasing of goods, payment of quit rents, water and amenities.

All the transactions entered into by the Group with the bodies controlled by the state government are conducted in the ordinary course of the Group's business on negotiated terms or terms comparable to those with other entities that are not state government-related, except otherwise disclosed in the financial statements.

32. Acquisition of business operations and subsidiaries

32.1 Acquisition of business operations: Plantation

In 2022, the Group entered into respective Business Transfer Agreements with Kulim (Malaysia) Berhad ("KMB"), Kumpulan Bertam Plantations Berhad ("KBP"), Selai Sdn Bhd ("Selai"), Sindora Berhad ("Sindora"), Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd ("UTM"), and United Malayan Agricultural Corp Berhad ("UMAC") which are under common control by Johor Corporation for corporate reorganisation between the Group and its immediate holding company, Kulim (Malaysia) Berhad ("KMB"). The corporate exercise involves sale and transfer of plantation businesses under common control of KMB, KBP, Selai, Sindora, UTM and UMAC which include the plantation business assets and liabilities of the respective entities to Johor Plantations Group Berhad ("Plantation Business Transfer"). Details of the Plantation Business Transfer are as follows:-

Name of related companies	Date of sale and transfer	Business operations	Geographical area	Consideration settled via issuance of shares of the Company	Consideration settled by deferred payment RM
Kulim (Malaysia) Berhad ("KMB")	1 December 2022	Oil palm plantation	Malaysia	157,568,810	-
Kumpulan Bertam Plantations Berhad ("KBP")	1 December 2022	Oil palm plantation	Malaysia	72,541,164	-
Selai Sdn Bhd ("Selai")	1 December 2022	Oil palm plantation	Malaysia	242,336,078	-
Sindora Berhad ("Sindora")	1 December 2022	Oil palm plantation and palm milling	Malaysia	433,347,767	-
Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd ("UTM")	1 December 2022	Oil palm plantation	Malaysia	56,025,399	-
United Malayan Agricultural Corp Berhad ("UMAC")	1 December 2022	Oil palm plantation	Malaysia	-	102,131,873

For the purpose of accounting for the Plantation Business Transfer under common control, the Group had applied book value accounting. Under book value accounting, the differences between the net assets and liabilities of the respective entities and the purchase consideration are accounted for as contribution from the shareholder or distribution to the shareholder in other reserves in the financial statements of the Group.

The Group had elected to restate its comparatives to account for the acquisitions as if the acquisitions had occurred at the beginning of the earliest comparative period presented.

32. Acquisition of business operations and subsidiaries (continued)

32.1 Acquisition of business operations: Plantation (continued)

Effect of the Plantation Business Transfer on the financial position of the Group

	KMB RM'000	KBP RM'000	Selai RM'000	Sindora RM'000	UTM RM'000	Total RM'000
Property, plant and equipment	865,381	69,681	235,051	118,006	56,909	1,345,028
Right-of-use assets	353,323	-	-	326,620	-	679,943
Biological assets	6,873	827	3,112	3,735	251	14,798
Inventories	9,037	428	3,845	10,098	258	23,666
Trade and other receivables	6,351	2,103	3,412	5,907	1	17,774
Cash and bank balances	13,544	5	5	13	5	13,572
Deferred tax liabilities	(194,000)	(9,376)	(31,531)	(91,666)	(6,089)	(332,662)
Loans and borrowings	(1,075,364)	-	-	-	-	(1,075,364)
Trade and other payables	(12,267)	(442)	(2,924)	(9,132)	(1,356)	(26,121)
Amount due to	(9,309)	(61)	(165)	(21,899)	(43)	(31,477)
Identifiable assets acquired and liabilities assumed at book value	(36,431)	63,165	210,805	341,682	49,936	629,157
Purchase consideration settled by equity	(157,569)	(72,541)	(242,336)	(433,348)	(56,025)	(961,819)
Other reserve	(194,000)	(9,376)	(31,531)	(91,666)	(6,089)	(332,662)
Cash inflow arising from acquisition						
Cash and cash equivalent of businesses acquired	13,544	5	5	13	5	13,572
Net cash inflow arising from acquisition	13,544	5	5	13	5	13,572

32. Acquisition of business operations and subsidiaries (continued)

32.1 Acquisition of business operations: Plantation (continued)

Effect of the Plantation Business Transfer on the financial position of the Group (continued)

	Total RM'000
Identifiable assets acquired and liabilities assumed at book value as at 1 January 2020	295,112
Less: Identifiable assets acquired and liabilities assumed at book value as at 1 December 2022	(629,157)
	(334,045)
Add: Repatriation of cash from immediate holding company in 2020	315,954
Add: Repatriation of cash from immediate holding company in 2021	85,000
Less: Net effect of business combination under common control in 2022	(264,521)
Effect of business combination under common control on retained earning	(197,612)

32.2 Acquisition of subsidiaries

In 2022, the Group entered into a Share Sale Agreement with the immediate holding company, Kulim (Malaysia) Berhad ("KMB") to acquire the entire issued and paid-up capital of JPG Plantations Sdn. Bhd. (formerly known as Kulim Plantations (Malaysia) Sdn. Bhd.) ("KPM"), JPG Greenergy Ventures Sdn. Bhd. (formerly known as Kulim Green Energy Ventures Sdn. Bhd.) ("KGEV"), JPG Greenergy Sdn. Bhd. (formerly known as Kulim Greenergy Sdn. Bhd.) ("KG"), JPG Jenterra Sdn. Bhd. (formerly known as Edaran Badang Sdn. Bhd.) ("EBSB"), JPG Planterra Sdn. Bhd. (formerly known as Cultination Sdn. Bhd.) ("KNSB") and JPG Terrasolutions Sdn. Bhd. (formerly known as Kulim Safety and Training Services Sdn. Bhd.) ("KSTS") which are under common control by Johor Corporation for corporation reorganisation between the Group and the immediate holding company. Details of the acquisition of subsidiaries are as follows:-

Name of related companies	Date of sale and transfer	Business operations	Geographical area	Consideration settled via issuance of shares of the Company
JPG Plantations Sdn. Bhd. (formerly known as Kulim Plantations (Malaysia) Sdn. Bhd.) ("KPM")	1 December 2022	Production of palm oil and palm kernel	Malaysia	319,391,857

32. Acquisition of business operations and subsidiaries (continued)

32.2 Acquisition of subsidiaries (continued)

Name of related companies	Date of sale and transfer	Business operations	Geographical area	Consideration settled via issuance of shares of the Company
JPG Greenergy Ventures Sdn. Bhd. (formerly known as Kulim Green Energy Ventures Sdn. Bhd.) ("KGEV")	1 December 2022	Designing, managing and operating renewable energy	Malaysia	674,012
JPG Greenergy Sdn. Bhd. (formerly known as Kulim Greenergy Sdn. Bhd.) ("KG")	1 December 2022	Designing, managing and operating renewable energy	Malaysia	100,371
JPG Jenterra Sdn. Bhd. (formerly known as Edaran Badang Sdn. Bhd.) ("EBSB")	1 December 2022	Sales of agricultural machinery and parts	Malaysia	7,385,756
JPG Planterra Sdn. Bhd. (formerly known as Cultination Sdn. Bhd.) ("KNSB")	1 December 2022	Managing oil palm nursery and other related services	Malaysia	876,829
JPG Terrasolutions Sdn. Bhd. (formerly known as Kulim Safety and Training Services Sdn. Bhd.) ("KSTS")	1 December 2022	Providing training services and other related services	Malaysia	2,682,750

For the purpose of accounting for the acquisition of subsidiaries under common control, the Group had applied book value accounting. Under book value accounting, the differences between the purchase consideration and the net total of the identifiable assets acquired and liabilities assumed of the respective acquired subsidiaries were accounted for as other reserve in the consolidated financial statements.

The Group had elected to restate its comparatives to account for the acquisitions as if the acquisitions had occurred at the beginning of the earliest comparative period presented.

32. Acquisition of business operations and subsidiaries (continued)

32.2 Acquisition of subsidiaries (continued)

Effect of the acquisition of subsidiaries on the financial position of the Group

	KPM RM'000	KGEV RM'000	KG RM'000	EBSB RM'000	KNSB RM'000	KSTS RM'000	Total RM'000
Property, plant and equipment	236,462	23,104	43	1,865	730	312	262,516
Right-of-use assets	160,647	-	-	46	27	144	160,864
Intangible assets	-	-	-	-	-	627	627
Deferred tax assets	-	-	-	-	-	64	64
Biological assets	3,164	-	-	-	-	-	3,164
Inventories	9,216	-	-	5,681	171	31	15,099
Trade and other receivables	15,634	732	-	5,485	1,525	1,365	24,741
Tax recoverable	-	-	-	12	6	239	257
Cash and bank balances	431	519	76	1,679	3,305	1,438	7,448
Loans and borrowings	-	(19,227)	-	(84)	-	(115)	(19,426)
Trade and other payables	(38,105)	(3,902)	(19)	(7,252)	(4,863)	(1,273)	(55,414)
Tax payables	(1,510)	-	-	-	-	-	(1,510)
Deferred tax liabilities	(66,547)	-	-	-	(24)	-	(66,571)
Lease liabilities	-	-	-	(46)	-	(149)	(195)
Identifiable assets acquired and liabilities assumed at book value	319,392	1,226	100	7,386	877	2,683	331,664
Retained earnings	(300,348)	1,275	12,379	(3,386)	8,123	(2,583)	(284,540)
Non-controlling interest	-	(552)	-	-	-	-	(552)
Purchase consideration settled by equity	(319,392)	(674)	(100)	(7,386)	(877)	(2,683)	(331,112)
Other reserve	(300,348)	1,275	12,379	(3,386)	8,123	(2,583)	(284,540)
Cash inflow arising from acquisition							
Cash and cash equivalent of subsidiaries acquired	431	519	76	1,679	3,305	1,438	7,448
Net cash inflow arising from acquisition	431	519	76	1,679	3,305	1,438	7,448

33. Subsequent events

(i) Shareholders' Agreement ("SHA") with Fuji Oil Asia Pte Ltd ("FOA")

On 25 January 2024, the Group entered into a Shareholders' Agreement ("SHA") with Fuji Oil Asia Pte Ltd ("FOA") to regulate the rights and obligations of the parties as shareholders in developing a specialty oils and fats refinery operating on renewable energy.

On 30 January 2024, the Group incorporated a new wholly-owned subsidiary, JPG Refinery Sdn. Bhd. ("JPGR"). On 27 March 2024, JPGR issued new shares totaling 98 units. The Group and FOA acquired these shares at RM1 each, resulting in ownership of 51% by the Group and 49% by FOA as stipulated in the SHA.

On 1 April 2024, JPGR changed its name from JPG Refinery Sdn. Bhd. to JPG Fuji Sdn. Bhd..

These transactions had no significant effect on the financial position or results of the Group.

(ii) Listing

On 27 March 2024, JPG has obtained approval from the SC to list on the Main Market of Bursa Securities.

Pursuant to the listing, JPG's initial public offering ("IPO") of up to 875.00 million ordinary shares in the Company will comprise a public issue of 464.00 million new shares and an offer for sale of up to 411.00 million existing shares. Of these 875.00 million shares, up to 485.00 million will be made available to Malaysians and foreign institutions, 312.50 million will be allocated to Bumiputera investors approved by the Ministry of Investment, Trade and Industry, 50.00 million shares will be made available for application by the Malaysian public by way of balloting while the remaining 27.50 million shares will be earmarked for eligible persons who have contributed to the success of the JPG group.

On 24 April 2024, JPG subdivided 1,501,999,772 ordinary shares into 2,036,000,000 ordinary shares to facilitate and enhance the liquidity of the shares for the purpose of the listing.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

The Board of Directors
Johor Plantations Group Berhad
(formerly known as Johor Plantations Berhad)
K.B. 705, Ulu Tiram Estate,
81800 Ulu Tiram,
Johor Darul Takzim,
Malaysia

26 May 2024

Dear Sirs,

Reporting Accountants' opinion on the consolidated financial statements contained in the Accountants' Report of Johor Plantations Group Berhad

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of Johor Plantations Group Berhad ("JPlant" or the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies, as set out on pages 1 to 74. The consolidated financial statements of the Group have been prepared for inclusion in the Company's prospectus in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial positions of the Group as at 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020 and of its consolidated financial performance and cash flows for the years then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting 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 Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Responsibilities of the Directors for the Consolidated Financial Statements

The Board of Directors of the Company (the "Directors") are responsible for the preparation of consolidated financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, the Directors are responsible for assessing the ability of the Group 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 alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated 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.

KPMG

Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements of the Group, including the disclosures, and whether the consolidated financial statements of the Group represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 Company's prospectus in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities Berhad 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.

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

Muhammad Azman Bin Che Ani
Approval Number: 02922/04/2026 J
Chartered Accountant

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Prospectus later than six months after the date of this Prospectus.

(ii) As at the date of this Prospectus, we have only one class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(iii) Save for the new Shares issued to Kulim pursuant to the Pre-Listing Restructuring, Capitalisation and the Public Issue, no shares, stocks, or debentures of our Company have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within 2 years immediately preceding the date of this Prospectus.

(iv) None of the share capital of our Company and our subsidiaries are under option or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.

(v) Save for the IPO Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.1.2 of this Prospectus, and subject to our Listing, there is currently no other scheme involving our Directors and employees in the share capital of our Company or any of our subsidiaries.

(vi) As at the date of this Prospectus, neither our Company nor our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.

(vii) Save as disclosed in Section 2.2 of this Prospectus and save as provided for under our Constitution as reproduced in Section 14.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiaries or upon the declaration or payment of any dividend or distribution.

(viii) During the last financial year up to the LPD, there were no:

(a) public take-over offers by third parties in respect of our Shares; and

(b) public take-over offers by our Company in respect of other companies' securities.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder provisions of our Constitution and by applicable law.

The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

(i) Transfer of securities

Clause 36 - Transfer of securities

"The instrument of transfer of any Securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the Securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed Securities or class of listed Securities of the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 and 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 listed Securities."

Clause 37 - Suspension of transfer of securities

"Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors."

Clause 39 - Renunciation

"Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person."

(ii) Remuneration of Directors

Clause 106 - Directors' remuneration

"The Directors shall be paid by way of remuneration for their services, such fees and any other benefits payable to such Directors (if any) shall be subject to annual shareholder approval at General Meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:

(a) save as provided in Clause 106(a) hereof, an Executive Director shall, subject to the terms and any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Clause 106(a) hereof, payable to the Non-Executive Directors shall be determined by a resolution of the Company in a General Meeting;

(b) fees payable to Non-Executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;

(c) salaries payable to Executive Directors may not include a commission or on percentage of turnover; and

(d) fees and benefits payable to Directors shall not be increased except pursuant to resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting."

Clause 107 - Reimbursement of expenses

"The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings or General Meetings of the Company."

(iii) Voting and borrowing powers of Directors

Clause 113 - Directors' borrowing power and issue debentures

"The Director may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, 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 any person or persons or of any company, whether or not having objects or engaged or intending to engage in business similar to those of the Company, including (without limitation) any company which is for the time being associated or allied with the Company in business or which is the holding company or a subsidiary (as defined in Section 4 of the Act) or an associated company."

Clause 114 - Other powers of directors

"The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of bonus upon redemption or repayment or otherwise as they may think proper. The Company may in a General Meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for Shares in the Company or any class authorised to be issued."

Clause 130 - Chairman to have casting vote

"Subject to these Clauses any question arising at any meeting of Directors shall be decided by a majority of votes where each Director shall have one (1) vote and a determination by a majority of Directors shall for all purposes be deemed a determination of the Board. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. However, where the quorum is made up of only two (2) Directors, the Chairman of a meeting at which only such quorum is present, or where only two (2) Directors are competent to vote on the question at issue, shall not have a second or casting vote."

Clause 134 - Restriction on voting

"A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to 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."

(iv) Changes to share capital

Clause 49 - Modification of class rights

"If at any time, the share capital by reason of the issue of preference shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of the Act be varied, modified, commuted, affected, abrogated or dealt with by a written consent representing not less than seventy-five per centum (75%) of the total voting rights of the preference shareholders or by Special Resolution passed by the holders with at least seventy-five per centum (75%) of the total voting rights at a separate general meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall equally apply to every such meeting except that the quorum hereof shall be Members holding or representing by proxy at least three-fourths (3/4) of the issued shares of the class. Provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the manner aforesaid consent in writing may be secured from Members holding at least seventy-five per centum (75%) of the total voting rights and such consent if obtained within two (2) months from the date of the separate general meeting shall have the force and validity of a resolution duly carried by a vote in person or by proxy."

(v) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

<u>Clause 5 - Allotment of Shares and power to issue Shares</u>

"Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act, the Listing Requirements and to the conditions, restrictions and limitations expressed in this Constitution, the Directors may allot shares or grant rights to subscribe for or otherwise dispose of the unissued Shares in the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights or such restrictions whether in regard to dividend, voting, return of capital or otherwise as the Directors deem fit, subject to any Ordinary Resolution of the Company and the requirements of the Act and the Listing Requirements, 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 a General Meeting;

(b) every issue of Shares or options to employees and/or Directors of the Company and its subsidiaries under Share Issuance Scheme shall be approved by the Members in General Meeting and no Director shall participate in a Share Issuance Scheme unless the Members in General Meeting have approved the specific allotment to be made to such Director;

(c) the rights attaching to the Shares of a class other than Ordinary Shares be expressed in this Constitution and in the resolution creating the Shares; and

(d) the Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued."

<u>Clause 6 - Issue of preference shares</u>

"Subject to the Act and the Listing Requirements, any preference shares may with the sanction of an Ordinary Resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued."

<u>Clause 8 - Rights of preference shareholders</u>

"Preference shareholders of the Company shall have the same rights as ordinary shareholders with regards to receiving notices, reports and audited financial statements and attending General Meetings of the Company and shall also have the right to vote at any meeting in each of the following circumstances:

(a) when the dividend or part of the dividend on the preference shares are in arrears for more than six (6) months;

(b) on a proposal to reduce the Company's issued share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects the rights attached to the preference shares;

(e) on a proposal to wind up the Company; and

(f) during the winding-up of the Company."

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a depositor by means of entries in the securities account of that depositor.

A depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHTS TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Clause 60 which has been reproduced from our Constitution, 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 voting rights on our Shares:

Clause 60

Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable), a Depositor shall not be regarded as a Member entitled to attend any General Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government of Malaysia does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

14.6 MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by our Group during the Financial Years Under Review and up to the date of this Prospectus:

(i) Tenancy Agreement dated 23 February 2021 and Renewal Tenancy Agreement dated 26 September 2023 in respect of the rental of the Malay Reserved Estates

On 23 February 2021, our Company (as tenant) entered into the Tenancy Agreement with JCorp (as landlord) for the rent of the Malay Reserved Estates for a principal term of 3 years, commencing from 1 July 2020 to 30 June 2023, at an aggregate rental of RM19,219,523. Following the expiry of the Tenancy Agreement, we had on 26 September 2023 entered into the Renewal Tenancy Agreement with the landlord for the renewal of the term of the Tenancy Agreement for a further period of 3 years, commencing from 1 July 2023 to 30 June 2026, at the same aggregate rental.

14. ADDITIONAL INFORMATION (CONT'D)

(ii) Business transfer agreement dated 27 September 2022 (as varied via a supplemental agreement dated 30 November 2022) in respect of the sale and transfer (1) the identified parcels of land at REM Estate, Basir Ismail Estate, Labis Bahru Estate, Mutiara Estate and Sungai Sembrong Estate (collectively, the identified properties), and (2) the oil palm plantation business of Kulim carried out on the identified properties (including all assets and liabilities thereof) (collectively, the identified business undertakings)

On 27 September 2022, our Company (as purchaser) entered into a business transfer agreement (as varied via a supplemental agreement dated 30 November 2022) with Kulim (as vendor) for the sale and transfer of (1) the identified properties at the following estates, and (2) the identified business undertakings, at a final purchase consideration of approximately RM157.6 million, which was arrived at after taking into consideration (1) the NBV of the respective assets and liabilities, and (2) setting-off against existing amount owing by the vendor to us, based on the latest available unaudited management accounts prior to the prescribed completion date:

(a) REM Estate;

(b) Basir Ismail Estate;

(c) Labis Bahru Estate;

(d) Mutiara Estate; and

(e) Sungai Sembrong Estate (subsequently been merged administratively into Mutiara Estate).

The final purchase consideration was satisfied by us via the issuance of 157,568,810 new Shares to Kulim in accordance with the terms of the business transfer agreement. Pursuant thereto, the sale and transfer of the identified business undertakings and the identified properties have been completed on 1 December 2022 and 30 June 2023 respectively in accordance with the terms of the business transfer agreement.

(iii) Business transfer agreement dated 27 September 2022 (as varied via a supplemental agreement dated 30 November 2022) in respect of the sale and transfer of (1) the identified parcels of land at Sungai Tawing Estate, Sindora Estate together with Sindora POM (collectively, the identified properties), and (2) the oil palm plantation and palm oil milling business of Sindora carried out on the identified properties (including all assets and liabilities thereof) (collectively, the identified business undertakings)

On 27 September 2022, our Company (as purchaser) entered into a business transfer agreement (as varied via a supplemental agreement dated 30 November 2022) with Sindora (as vendor) for the sale and transfer of (1) the identified properties at the following estates and mill, and (2) the identified business undertakings, at a final purchase consideration of approximately RM433.3 million, which was arrived at after taking into consideration (1) the NBV of the respective assets and liabilities, and (2) setting-off against existing amount owing by the vendor to us, based on the latest available unaudited management accounts prior to the prescribed completion date:

(a) Sungai Tawing Estate;

(b) Sindora Estate; and

(c) Sindora POM.

The final purchase consideration was satisfied by us via the issuance of 433,347,767 new Shares to Kulim (being a nominee appointed by the vendor to receive the consideration shares) in accordance with the terms of the business transfer agreement. Pursuant thereto, the sale and transfer of the identified business undertakings and the identified properties have been completed on 1 December 2022 and 30 June 2023 respectively in accordance with the terms of the business transfer agreement.

(iv) Business transfer agreement dated 27 September 2022 (as varied via a supplemental agreement dated 30 November 2022) in respect of the sale and transfer of (1) the identified parcels of land at Bukit Layang Estate (collectively, the identified properties), and (2) the oil palm plantation business of Kulim and UTMC carried out on the identified properties (including all assets and liabilities thereof) (collectively, the identified business undertakings)

On 27 September 2022, our Company (as purchaser) entered into a business transfer agreement (as varied via a supplemental agreement dated 30 November 2022) with Kulim and UTMC (as vendor) for the sale and transfer of (1) the identified properties at Bukit Layang Estate, and (2) the identified business undertakings, at a final purchase consideration of approximately RM56.0 million, which was arrived at after taking into consideration (1) the NBV of the respective assets and liabilities, and (2) setting-off against existing amount owing by the vendor to us, based on the latest available unaudited management accounts prior to the prescribed completion date.

The final purchase consideration was satisfied by us via the issuance of 56,025,399 new Shares to Kulim (being a nominee appointed by the vendor to receive the consideration shares) in accordance with the terms of the business transfer agreement. Pursuant thereto, the sale and transfer of the identified business undertakings and the identified properties at Bukit Layang Estate have been completed on 1 December 2022 and 30 June 2023 respectively in accordance with the terms of the business transfer agreement.

(v) Business transfer agreement dated 27 September 2022 (as varied via a supplemental agreement dated 30 November 2022) in respect of the sale and transfer of (1) the identified parcels of land at Enggang Estate and Selai Estate (collectively, the identified properties), and (2) the oil palm plantation business of Selai carried out on the identified properties (including all assets and liabilities thereof) (collectively, the identified business undertakings)

On 27 September 2022, our Company (as purchaser) entered into a business transfer agreement (as varied via a supplemental agreement dated 30 November 2022) with Selai (as vendor) for the sale and transfer of (1) the identified properties at Enggang Estate (subsequently been merged administratively into Selai Estate) and Selai Estate, and (2) the identified business undertakings, at a final purchase consideration of approximately RM242.3 million, which was arrived at after taking into consideration (1) the NBV of the respective assets and liabilities, and (2) setting-off against existing amount owing by the vendor to the purchaser, based on the latest available unaudited management accounts prior to the prescribed completion date.

The final purchase consideration was satisfied by us via the issuance of 242,336,078 new Shares to Kulim (being a nominee appointed by the vendor to receive the consideration shares) in accordance with the terms of the business transfer agreement. Pursuant thereto, the sale and transfer of the identified business undertakings and the identified properties have been completed on 1 December 2022 and 30 June 2023 respectively in accordance with the terms of the business transfer agreement.

14. ADDITIONAL INFORMATION (CONT'D)

(vi) Business transfer agreement dated 27 September 2022 (as varied via a supplemental agreement dated 30 November 2022) in respect of the sale and transfer of (1) the identified parcels of land at UMAC Estate (collectively, the identified properties), and (2) the oil palm plantation business of UMAC carried out on the identified properties (including all assets and liabilities thereof) (collectively, the identified business undertakings)

On 27 September 2022, our Company (as purchaser) entered into a business transfer agreement (as varied via a supplemental agreement dated 30 November 2022) with UMAC (as vendor) for the sale and transfer of (1) the identified properties at UMAC Estate, and (2) the identified business undertakings, at a final purchase consideration of approximately RM102.1 million, which was arrived at after taking into consideration the NBV of the respective asset and liabilities, based on the latest available unaudited management accounts prior to the prescribed completion date.

It is a term under the business transfer agreement that the sale and transfer of the identified business undertakings and the identified properties at UMAC Estate may be completed notwithstanding the purchase consideration has not been settled as the purchase consideration shall become an amount due and owing by us to the vendor.

The sale and transfer of the identified business undertakings and the identified properties at UMAC Estate have subsequently been completed on 1 December 2022 and 30 June 2023 respectively in accordance with the terms of the business transfer agreement. The entire purchase consideration was subsequently novated by the vendor to its holding company, namely Pembangunan Mahamurni. Pembangunan Mahamurni has subsequently, on 26 February 2023, waived the entire outstanding purchase consideration.

(vii) Business transfer agreement dated 3 November 2022 (as varied via a supplemental agreement dated 30 November 2022) in respect of the sale and transfer of (1) the identified parcels of land at Sepang Loi Estate (collectively, the identified properties), and (2) the oil palm plantation business of Kumpulan Bertam carried out on the identified properties (including all assets and liabilities thereof) (collectively, the identified business undertakings)

On 3 November 2022, our Company (as purchaser) entered into a business transfer agreement (as varied via a supplemental agreement dated 30 November 2022) with Kumpulan Bertam (as vendor) for the sale and transfer of (1) the identified properties at Sepang Loi Estate, and (2) the identified business undertakings, at a final purchase consideration of approximately RM72.5 million, which was arrived at after taking into consideration (1) the NBV of the respective assets and liabilities, and (2) setting-off against existing amount owing by the vendor to the purchaser, based on the latest unaudited management accounts prior to the prescribed completion date.

The final purchase consideration was satisfied by us via the issuance of new 72,541,165 new Shares to Kulim (being a nominee appointed by the vendor to receive the consideration shares) in accordance with the terms of the business transfer agreement. Pursuant thereto, the sale and transfer of the identified business undertakings and the identified properties at Sepang Loi Estate have been completed on 1 December 2022 and 30 June 2023 respectively in accordance with the terms of the business transfer agreement.

14. ADDITIONAL INFORMATION (CONT'D)

(viii) Share sale agreement dated 27 September 2022 (as varied via a supplemental agreement dated 30 November 2022) in respect of the sale and purchase of Kulim's entire shareholding interest in JPG Greenergy, JPG Greenergy Ventures and JPG Plantations

On 27 September 2022, our Company (as purchaser) entered into a share sale agreement (as varied via a supplemental agreement dated 30 November 2022) with Kulim (as vendor) for the sale and purchase of the vendor's entire shareholding interest in the following companies:

(a) 12,479,656 ordinary shares, representing 100% of the total issued share capital of JPG Greenergy, at a final purchase consideration of approximately RM0.1 million, via the issuance of 100,371 new Shares by us to Kulim;

(b) 1,375,000 ordinary shares, representing 55% of the total issued share capital of JPG Greenergy Ventures, at a final purchase consideration of approximately RM0.7 million, via the issuance of 674,012 new Shares by us to Kulim; and

(c) 22,000,000 ordinary shares, representing 100% of the total issued share capital of JPG Plantations, at a final purchase consideration of approximately RM319.4 million, via the issuance of 319,391,857 new Shares by us to Kulim,

of which the final purchase consideration for each of the aforesaid companies was arrived at after taking into consideration the NBV of the equity interest, based on the latest available unaudited management accounts prior to the prescribed completion date.

The share sale agreement has been completed in accordance with its terms on 1 December 2022.

(ix) Share sale agreement dated 30 November 2022 (as varied via a supplemental agreement dated 1 December 2022) in respect of the sale and purchase of Kulim's entire shareholding interest in JPG Planterra and JPG Terrasolutions

On 30 November 2022, our Company (as purchaser) entered into a share sale agreement (as varied via a supplemental agreement dated 1 December 2022) with Kulim (as vendor) for the sale and purchase of the vendor's entire shareholding interest in the following companies:

(a) 9,000,000 ordinary shares, representing 100% of the total issued share capital of JPG Planterra, at a final purchase consideration of approximately RM0.9 million, via the issuance of 876,829 new Shares by us to Kulim; and

(b) 100,000 ordinary shares, representing 100% of the total issued share capital of JPG Terrasolutions, at a final purchase consideration of approximately RM2.7 million, via the issuance of 2,682,750 new Shares by us to Kulim,

of which the final purchase consideration for each of the aforesaid companies was arrived at after taking into consideration the NBV of the equity interest, based on the latest available unaudited management accounts prior to the prescribed completion date.

The share sale agreement has been completed in accordance with its terms on 1 December 2022.

(x) Share sale agreement dated 30 November 2022 (as varied via a supplemental agreement dated 1 December 2022) in respect of the sale and purchase of EPA Management's entire shareholding interest in JPG Jenterra

On 30 November 2022, our Company (as purchaser) entered into a share sale agreement (as varied via a supplemental agreement dated 1 December 2022) with EPA Management (as vendor) for the sale and purchase of the vendor's entire shareholding interest of 4,000,000 ordinary shares, representing 100% of the total issued share capital of JPG Jenterra, at a final purchase consideration of approximately RM7.4 million, via the issuance of 7,385,756 new Shares by us to Kulim (being a nominee appointed by the vendor to receive the consideration shares), of which the final purchase consideration was arrived at after taking into consideration the NBV of the equity interest, based on the latest available unaudited management accounts prior to the prescribed completion date.

The share sale agreement has been completed in accordance with its terms on 1 December 2022.

(xi) Shareholders' Agreement

On 25 January 2024, our Company entered into a shareholders' agreement with Fuji Oil Asia Pte Ltd for the purpose of regulating the rights and obligations of the parties as shareholders of JPG Fuji and governing the operations and management of JPG Fuji, with an agreed equity capital contribution of RM180.0 million and in the respective shareholding proportions of 51% of the issued share capital of JPG Fuji held by our Company and 49% of the issued share capital of JPG Fuji held by Fuji Oil Asia Pte Ltd.

(xii) Retail Underwriting Agreement

On 24 May 2024, our Company entered into the Retail Underwriting Agreement with our Managing Underwriter and Joint Underwriters to severally and not jointly (nor jointly and severally) underwrite 77,500,000 IPO Shares under the Retail Offering at an underwriting commission of up to 1.5% (exclusive of applicable tax) of the Retail Price, multiplied by the total number of IPO Shares underwritten under the Retail Offering, upon the terms and subject to the conditions contained in the Retail Underwriting Agreement.

(xiii) Master Cornerstone Placement Agreement

On 27 May 2024, our Company entered into the Master Cornerstone Placement Agreement with our Selling Shareholder, Joint Global Coordinators, Joint Bookrunners and Cornerstone Investors, under which the Cornerstone Investors have agreed to subscribe for, purchase and/or acquire an aggregate of 325,400,000 IPO Shares, representing approximately 13.0% of the enlarged issue share capital of our Company, pursuant to the Institutional Offering at RM0.84 per IPO Share or the Institutional Price, whichever is lower, upon the terms and subject to the conditions contained in the Master Cornerstone Placement Agreement and the relevant individual cornerstone placement agreements.

(xiv) Lock-up agreement dated 27 May 2024 in relation to our IPO and Listing

On 27 May 2024, our Company entered into a lock-up agreement with our Joint Bookrunners in relation to the lock-up arrangement for our IPO and Listing.

14.7 MATERIAL LITIGATION

Save as disclosed below and as at the LPD, we are not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our financial or business position:

Johor Bahru Sessions Court (Summons No. JA-63-23-08/2022) - Public Prosecutor v JPG

Via the letter of offer dated 31 March 2019, we have employed a general worker to carry out works at the Sedenak POM commencing 2 April 2019. Among his other responsibilities, he was also in charge of welding works at the Sedenak POM.

On 28 May 2020, while carrying out pipe welding works at the Sedenak POM, he sustained injury and was immediately sent to Hospital Temenggong Seri Maharaja Tun Ibrahim Kulai, Johor. Based on post-mortem examination, he was brought in dead to the hospital where the cause of death was due to electrocution.

As a result, DOSH has initiated a legal proceeding against our Company for breach of Section 15(1) of the OSHA for failure to ensure that, as far as is practicable, the safety, health and welfare at work of our employee. The proceeding is ongoing before the Johor Bahru Sessions Court, where the case management was held on 19 February 2024 and the trial dates have been fixed on 22 July 2024 to 25 July 2024.

In the event our Company is found guilty, it can be fined up to a maximum of RM50,000 or to imprisonment for a term not exceeding 2 years or to both. However, as we are a body corporate, pursuant to the provisions of Sections 52 and 56 of the OSHA, we are not subject to any penal penalties such as imprisonment and are only subject to the imposition of a fine upon conviction. It should also be noted that none of our directors, manager, secretary or other officers have to date been charged with any offence in respect of the matter and hence they are not subject to any potential fine or term of imprisonment under Section 52 of the OSHA.

The solicitors of our Company are unable to opine on the outcome of the legal proceeding at this juncture as the case is still at a preliminary stage and it is subject to the outcome of the trial fixed in July 2024.

Pending outcome of the legal proceeding, as disclosed in Section 7.19.3(v) of this Prospectus, we have implemented Safety Measures to further strengthen our control measures so as to prevent occurrence of similar accident.

The above matter is not expected to have a material adverse impact to our Group's business operations and financial condition as:

(i) our Group has implemented safety measures, in addition to its existing control measures in place, to prevent occurrence of similar accident;

(ii) our Group has not been imposed any stop work order as a result of the fatality or the ongoing legal proceeding; and

(iii) the potential financial penalty represents less than 0.1% of our Group's PAT during the Financial Years Under Review.

As the legal proceeding is still ongoing, there is an even chance that we may or may not be successful. Nonetheless, as the maximum potential penalty imposable on us is limited to a maximum financial penalty of RM50,000, our Board is of the view that the legal proceeding would not have a material impact to our business operations and/or financial condition.

14.8 CONSENTS

The written consents of the Principal Adviser, Joint Global Coordinators, Joint Bookrunners, Managing Underwriter, Joint Underwriters, legal advisers, Share Registrar and Issuing House and Company Secretaries as set out in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names and references thereto 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.

The written consent of our Auditors and Reporting Accountants for the inclusion of their name, the Accountants' Report and the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statement of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of our Independent Market Researcher for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia, during office hours for a period of at least six months from the date of issue of this Prospectus:

(i) our Constitution;

(ii) the audited financial statements of our Company and our subsidiaries for the Financial Years Under Review;

(iii) the IMR Report as set out in Section 8 of this Prospectus and the IMR Report;

(iv) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as set out in Section 12.8 of this Prospectus;

(v) the Accountants' Report as set out in Section 13 of this Prospectus;

(vi) our material contracts referred to in Section 14.6 of this Prospectus;

(vii) the relevant cause papers in respect of the material litigation as disclosed in Section 14.7 of this Prospectus; and

(viii) the letters of consent given by parties as disclosed in Section 14.8 of this Prospectus.

14.10 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 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.

RHB Investment Bank, being the Principal Adviser, Joint Global Coordinator and Joint Bookrunner for the Institutional Offering, and the Managing Underwriter and Joint Underwriter for the Retail Offering, 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.

15. 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.

15.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 12 JUNE 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 24 JUNE 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 the website of Bursa Malaysia Berhad.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Application of our IPO Shares under the 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 Eligible Persons	Pink Application Form only
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

15.2.2 Application of our IPO Shares under the Institutional Offering

Types of Application	Application Method
Applications by:	
(a) Institutional and selected investors	Our Joint Global Coordinators and Joint Bookrunners will contact the investors directly. They should follow the instructions of Joint Global Coordinators and Joint Bookrunners.
(b) Bumiputera investors approved by the MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

15.3 ELIGIBILITY

15.3.1 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 Applications.

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.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMISE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". COMPANY, PRINCIPAL ADVISER & ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) you must be one of the following:

  (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares;

  (b) 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

  (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) 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

(iii) you must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysia Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

15.4 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 RM0.84 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 642**" 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:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) or **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan

so as to arrive not later than 5.00 p.m. on 24 June 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.

15.5 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 ATMs 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 Electronic Participating Financial Institutions.

15.6 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 Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd 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.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

(i) reject Applications which:

  (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (b) are illegible, incomplete or inaccurate; or

  (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) 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 15.9 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.

15.8 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 our IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to the SC and Bursa Securities as well as posted on the Issuing House's website www.mih.com.my within 1 business day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in Section 4.1.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Retail Underwriting Agreement.

15.9 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.

15.9.1 For applications by way of Application Forms

(i) 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 registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) 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 NRIC 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.

(iii) 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 (i) and (ii) above (as the case may be).

(iv) 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 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 (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) 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.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) 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.

(iv) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund will be credited into your bank account for purposes of cash dividend/ distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Directory if you have not provided such bank account information to Bursa Depository, or by crediting into your account with the Electronic Participating Financial Institutions for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institutions for applications made via the Internet Share Application, within 10 Market Days from the date of final ballot of application, at your own risk.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. Consequently, 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 SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, 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.

15.11 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 Telephone at telephone no. +6(03) 7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in the list of ADAs Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. (603) 7890 4700 between 5 to 10 Market Days (during office hours only) after the final ballot day.