Sime Darby
Plantation

Delivering Sustainable Futures

SIME DARBY PLANTATION BERHAD
(Company No: 647766-V)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

Level 10, Main Block, Plantation Tower
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PROSPECTUS | SIME DARBY PLANTATION BERHAD (Company No: 647766-V)

Vol 1

Volume 1 of 2

PROSPECTUS

Sime Darby
Plantation

Sime Darby Plantation Berhad

(Company No.: 647766-V)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

LISTING OF SIME DARBY PLANTATION BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Principal Adviser

Maybank Investment Bank
Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

AS AT THE DATE OF THIS PROSPECTUS, THE DISTRIBUTION OF SD PLANTATION SHARES (AS DEFINED HEREIN) HAS NOT BEEN COMPLETED. THE SHARES WILL BE DISTRIBUTED TO THE ENTITLED SHAREHOLDERS OF SDB (AS DEFINED HEREIN) AFTER 5.00 P.M. ON 29 NOVEMBER 2017.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS RELATING TO AN INVESTMENT IN THE SHARES WHICH SHOULD BE CONSIDERED BY YOU, SEE "RISK FACTORS" IN SECTON 5 OF THIS PROSPECTUS.

THIS PROSPECTUS IS ISSUED FOR INFORMATION PURPOSE ONLY. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF SECURITIES IS OR WILL BE MADE ON THE BASIS OF THIS PROSPECTUS.

LISTING SOUGHT : MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED 28 NOVEMBER 2017

All defined terms used in this Prospectus are defined under “Presentation of Financial and Other Information”, “Glossary of Abbreviations and Acronyms” and “Glossary of Technical Terms” commencing on pages vii, xi and xix, respectively.

Our Directors and the Promoter have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and they confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, as the Principal Adviser, 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 Listing.

The SC has approved our Listing and this Prospectus has been registered by the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends our Listing or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares for investment.

The SC is not liable for any non-disclosure in this Prospectus by us. The SC also takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss that you may suffer arising from or your reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF YOUR INVESTMENT IN US. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS.

Our Company has obtained the approval of Bursa Securities for our Admission and Listing. Our Admission is not to be taken as an indication of the merits of our Listing, our Company or our Shares. This Prospectus can be viewed or downloaded from Bursa Securities’ website at www.bursamalaysia.com.

This Prospectus has also been lodged with the Registrar of Companies Malaysia who takes no responsibility for its contents.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our Listing for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and advisers, are responsible.

Our Shares are classified as Shariah-compliant by the SAC based on our latest audited consolidated financial information for the FYE 30 June 2017 and this classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

This Prospectus has been prepared in the context of a listing under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our Listing. Our Company, the Promoter and the Principal Adviser have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, the Promoter and the Principal Adviser or any of their respective directors, or any other persons involved in our Listing.

The distribution of this Prospectus and our Listing are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, the Promoter and the Principal Adviser have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit any offering of our Shares based on this Prospectus in any jurisdiction, including Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus in certain other jurisdictions may be restricted by law. The Entitled Shareholders of SDB who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

This Prospectus is issued for information purpose only. No offer for subscription or purchase of, or invitation to subscribe for or purchase of securities is or will be made on the basis of this Prospectus.

ELECTRONIC PROSPECTUS

The contents of the Electronic Prospectus and the copy of this Prospectus registered by the SC are the same.

The Internet is not a fully secure medium. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Share Registrar, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered by the SC shall prevail.

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

(i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, file or other material provided by such Third-Party Internet Sites; and

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

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	**Time and/or date**
Announcement of the Entitlement Date	15 November 2017
Entitlement Date	5.00 p.m., 29 November 2017
Distribution of the Shares to the Entitled Shareholders of SDB	29 November 2017
Listing	30 November 2017

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” or “SD Plantation” in this Prospectus are to Sime Darby Plantation Berhad. All references to “SD Plantation Group” or “our Group” in this Prospectus are to our Company and our subsidiaries as a whole, and all references to “we”, “us”, “our” and “ourselves” are to our Company and our subsidiaries, save where the context otherwise requires.

All references to “Promoter” are to SDB.

All references to “you” are to the Entitled Shareholders of SDB.

Other abbreviations and acronyms used in this Prospectus are defined in the “Glossary of Abbreviations and Acronyms” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section in this Prospectus.

Solely for your convenience, this Prospectus contains translation of certain USD, EUR, IDR and PGK amounts into RM at specified rates. Unless otherwise indicated, the translations of EUR and IDR into RM were made based on the exchange rate of USD1.00: RM4.2310, EUR1.00: RM4.9255 and IDR1.00: RM0.000312, being the middle rates quoted by Bank Negara Malaysia at 5.00 p.m. as at 31 October 2017. The translation of PGK into RM was made based on the exchange rate of PGK1.00 : RM1.3184, being the mid-day rate quoted by Bloomberg at 11.00 a.m. as at 31 October 2017.

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. As a result, any discrepancies in tables between the amounts listed and the totals in this Prospectus are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange will (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

All references to dates and times are references to dates and times in Malaysia, unless otherwise stated.

Words denoting the singular will, where applicable, include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons will include companies and corporations.

This Prospectus includes statistical data provided by us and various third-parties and cites third-party projections regarding growth and performance of the industry in which we operate and our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us, or is extracted from the executive summary of the IMR Report as included in Section 8 of this Prospectus. In addition, certain information in this Prospectus is extracted or derived from the IMR Report for inclusion in this Prospectus. The IMR Report is available for inspection at the location and during the period as set out in Section 15.8 of this Prospectus. We have appointed Frost & Sullivan to provide an independent market and industry review. In compiling their data for the review, Frost & Sullivan had relied on industry sources, published materials, their own private databases and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurance is given or can be given that the projected figures will be achieved and accordingly, you should not place undue reliance on the third-party projections cited in this Prospectus. These third-parties refer to, among others, Frost & Sullivan as well as the third-parties which Frost & Sullivan relied on or made reference to in the IMR Report such as MPOB and Oil World (ISTA Mielke GmbH).

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

All references to the "LPD" in this Prospectus are to 31 October 2017, which is the latest practicable date prior to the registration of this Prospectus by the SC.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our strategies and competitive position;

(ii) the demand for our products and general industry environment;

(iii) our future financial position, earnings, cash flows and liquidity;

(iv) our future overall business development and operations;

(v) our plans and objectives for future operations;

(vi) potential growth opportunities; and

(vii) regulatory environment and effects of future regulation.

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

(i) general economic, business, social, political and investment environment in Malaysia and globally;

(ii) government policy, legislation or regulation;

(iii) interest rates, tax rates and foreign exchange rates;

(iv) the competitive environment of the industry in which we operate;

(v) the activities and financial position of our customers, suppliers and other business partners;

(vi) delays, cost overruns, shortages in labour or other changes that impact the execution of our future expansion plans;

(vii) fixed and contingent obligations and commitments;

(viii) the continued availability of capital and financing;

(ix) the cost and availability of adequate insurance coverage;

(x) changes in accounting practices and policies; and

(xi) any other factors beyond our control.

FORWARD-LOOKING STATEMENTS *(Cont'd)*

Additional factors that could cause our actual results, performance or achievements to differ materially include those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained in this Prospectus.

Save as required by Subsection 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part I (Division 6) of the Prospectus Guidelines (Supplementary/Replacement Prospectus), we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard to such statement or any change in events, conditions or circumstances on which any such statement is based.

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

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

Act	:	Companies Act 2016 of Malaysia
Admission	:	Admission of our Shares to the Official List
AGM	:	Annual general meeting
ASB	:	Amanah Saham Bumiputera, where AmanahRaya Trustees Berhad is acting solely in the capacity as trustee for and on behalf of Amanah Saham Bumiputera
Biosynthetic Technologies	:	Biosynthetic Technologies LLC, our investee company
Board or Board of Directors	:	Our Board of Directors
Broker Services Agreement	:	Broker services agreement dated 25 August 2017 between our Company and SD Lockton Insurance Brokers where our Company is entitled to procure certain services from SD Lockton Insurance Brokers including to recommend and advise our Company on subscription to the appropriate insurance and/or takaful policies for our Group's businesses and act as an intermediary between our Company and the insurance and/or takaful company for a term of 3 years commencing from the date of our Listing, subject to the terms and conditions of the agreement
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CAGR	:	Compound annual growth rate
CDS	:	Central Depository System
CEO	:	Chief Executive Officer
CFO	:	Chief Financial Officer
China Engineers (Malaysia)	:	The China Engineers (Malaysia) Sdn Bhd, our wholly-owned subsidiary
CMSA	:	Capital Markets and Services Act 2007 of Malaysia
Commoditised Products	:	Commoditised refined products produced by our bulk refineries which include RBD olein, RBD stearin, CPO, CPKO and RBD PKO
Constitution	:	Constitution of our Company
CSR	:	Corporate social and environmental responsibility
Director	:	A member of our Board of Directors
Distribution of SD Plantation Shares	:	Distribution of the Distribution Shares by way of dividend-in-specie on the basis of 1 Distribution Share for every 1 SDB Share held on the Entitlement Date, which will be completed on 29 November 2017

Distribution of SD Property Shares	:	Distribution of the SD Property Shares to the Entitled Shareholders of SDB by way of dividend-in-specie on the basis of 1 SD Property Share for every 1 SDB Share held on the Entitlement Date, which will be completed on 29 November 2017
Distribution Share(s)	:	Our Share(s) distributed to the Entitled Shareholders of SDB pursuant to the Distribution of SD Plantation Shares
Distributions	:	Collectively, the Distribution of SD Plantation Shares and the Distribution of SD Property Shares
DOE	:	Department of Environment Malaysia
Donation Agreement	:	Donation agreement dated 25 August 2017 between our Company and Yayasan Sime Darby, a company limited by guarantee founded by SDB, where our Company endeavours to make an annual cash donation of RM40 million to Yayasan Sime Darby for a term of 5 years with effect from the date of our Listing in accordance with the terms and conditions of the agreement
DOSH	:	Department of Safety and Health Malaysia
EGM	:	Extraordinary general meeting
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including, without limitation, CD-ROMs or floppy disks
Emery Malaysia	:	Emery Oleochemicals (M) Sdn Bhd, our joint venture
Emery Marketing	:	Emery Oleochemicals Marketing (M) Sdn Bhd, our joint venture
Emery U.S.	:	Emery Oleochemicals LLC, our joint venture
Entitled Shareholders of SDB	:	Shareholders of SDB whose names appear in the Record of Depositors of SDB as at 5.00 p.m. on the Entitlement Date to be entitled to the Distribution Shares
Entitlement Date	:	29 November 2017, being the date as at the close of business on which the Entitled Shareholders of SDB must be registered as a member and whose names appear in the Record of Depositors of SDB to be entitled to the Distribution Shares
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
EQA	:	Environmental Quality Act 1974
Equity Guidelines	:	Equity Guidelines issued by the SC
FMCG	:	Fast moving consumer goods
Foundation	:	Yayasan Sime Darby
Frost & Sullivan	:	Frost & Sullivan GIC Malaysia Sdn Bhd, an independent market consultant
FYE	:	Financial year ended or where the context requires, financial year ending

GAC	:	Governance and Audit Committee
GPPOL	:	Guadalcanal Plains Palm Oil Limited, our 80% owned subsidiary
IFRS	:	International Financial Reporting Standards
IMR Report	:	Independent market research report dated 20 November 2017 prepared by Frost & Sullivan
Industrial Enterprises	:	Industrial Enterprises Co Ltd, our 99.99% owned subsidiary
KSDB	:	Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of SDB
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
Land Option Agreements	:	Collectively, the 9 call option agreements, all dated 25 August 2017, between our Company and SD Property, as set out in Section 15.6(ii) of this Prospectus, where our Company has granted call options to SD Property to purchase the legal and beneficial ownership of and title to the Option Lands at any time during the Option Period, subject to the terms and conditions of the agreements
Listing	:	Listing and quotation of our entire enlarged issued share capital on the Main Market of Bursa Securities
Listing Reference Price	:	The reference price of Shares upon our Listing
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 October 2017, being the latest practicable date prior to the registration of this Prospectus by the SC
Market Day	:	A day on which Bursa Securities is open for trading in securities
Master Services Agreement	:	Master services agreement dated 25 August 2017 between our Company and SD Global Services Centre where SD Global Services Centre agrees to provide us certain centralised operational support and functional services for a period of 3 years commencing from the date of our Listing in accordance with the terms and conditions of the agreement
Maybank IB or Principal Adviser	:	Maybank Investment Bank Berhad
MCCG	:	Malaysian Code on Corporate Governance which came into effect on 26 April 2017
MDTCC	:	Ministry of Domestic Trade, Co-Operatives and Consumerism, Malaysia
Merger	:	The merger of the Kumpulan Sime Darby Berhad group, Kumpulan Guthrie Berhad group and Golden Hope Plantations Berhad group in 2007, as described in Section 6.1.1 of this Prospectus
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of International Trade and Industry
Morakot Industries	:	Morakot Industries Public Company Limited, our 99.92% owned subsidiary

MPOB	:	Malaysian Palm Oil Board
MPOB Act	:	Malaysian Palm Oil Board Act 1998
MyBiomass	:	MyBiomass Sdn Bhd, our associate
N/A	:	Not applicable
NA	:	Net assets
NBOL	:	New Britain Oils Limited, our wholly-owned subsidiary
NBPOL	:	New Britain Palm Oil Limited, our wholly-owned subsidiary
NBPOL Group	:	Collectively, NBPOL and its subsidiaries
NBV	:	Net book value
NGO	:	Non-government organisation
Official List	:	A list specifying all securities listed on Bursa Securities
Option Lands	:	Collectively, the 9 parcels of land located in Kulai in Johor, Sepang, Sungai Kapar, Carey Island and Lothian (Sepang) in Selangor, Byram in Pulau Pinang, Ainsdale West in Negeri Sembilan and Bukit Selarong in Kedah identified under the Land Option Agreements currently owned by SD Plantation totalling 11,806 acres, details of which are set out in Section 15.6(ii) of this Prospectus
Option Period	:	The period commencing from the date of our Listing and ending on the date falling 5 years from the date of our Listing with an option to extend for another 3 years (to be mutually agreed by our Company and SD Property)
PBIT	:	Profit before interest and tax
PBT	:	Profit before taxation
PNB	:	Permodalan Nasional Berhad
PNG	:	Papua New Guinea
Pre-Listing Restructuring	:	Demerger of the SDB Group to create 3 separate and independent listed entities with distinct businesses with our Company undertaking the plantation business of the SDB Group, comprising an internal restructuring exercise, subdivision of SD Plantation Shares and the Distribution of SD Plantation Shares, as further described in Section 4.1.1 of this Prospectus
Promoter	:	SDB
Prospectus	:	This Prospectus dated 28 November 2017 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
PT AIP	:	PT Aneka Intipersada, our wholly-owned subsidiary
PT ASL	:	PT Aneka Sawit Lestari, our wholly-owned subsidiary

PT ASM	:	PT Anugerah Sumber Makmur, our wholly-owned subsidiary
PT BGR	:	PT Bahari Gembira Ria, our 99% owned subsidiary
PT BNS	:	PT Bhumireksa Nusasejati, our wholly-owned subsidiary
PT BSC	:	PT Bina Sains Cemerlang, our wholly-owned subsidiary
PT BSS	:	PT Bersama Sejahtera Sakti, our 91.12% owned subsidiary
PT GHN	:	PT Golden Hope Nusantara, our wholly-owned subsidiary
PT GPI	:	PT Guthrie Pecconina Indonesia, our wholly-owned subsidiary
PT KIP	:	PT Kartika Inti Perkasa, our 60% owned subsidiary
PT KLR	:	PT Kridatama Lancar, our wholly-owned subsidiary
PT LMI	:	PT Laguna Mandiri, our 88.56% owned subsidiary
PT LMR	:	PT Langgeng Muaramakmur, our wholly-owned subsidiary
PT MAS	:	PT Mitra Austral Sejahtera, our 65% owned subsidiary
PT MGG	:	PT Minamas Gemilang, our wholly-owned subsidiary
PT MPS	:	PT Muda Perkasa Sakti, our wholly-owned subsidiary
PT PSA	:	PT Paripurna Swakarsa, our wholly-owned subsidiary
PT SAA	:	PT Swadaya Andika, our wholly-owned subsidiary
PT SHE	:	PT Sajang Heulang, our wholly-owned subsidiary
PT TGK	:	PT Tamaco Graha Krida, our 90% owned subsidiary
PT TMP	:	PT Tunggal Mitra Plantations, our 60% owned subsidiary
PT TSA	:	PT Teguh Sempurna, our wholly-owned subsidiary
R&D	:	Research and development
Ramu Agri	:	Ramu Agri-Industries Limited, our wholly-owned subsidiary
Record of Depositors	:	A record of securities holders established by Bursa Depository in accordance with the Rules of Bursa Depository
Rizhao SD Oils & Fats	:	Rizhao Sime Darby Oils and Fats Co Ltd, our joint venture
RSPO	:	Roundtable on Sustainable Palm Oil, which is a not-for-profit association of palm oil industry stakeholders (oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation non-governmental organisations and social or development non-governmental organisations) which was formed in 2004 to promote the growth and use of sustainable oil palm products through credible global standards and engagement of its stakeholders

Rules of Bursa Depository	:	The rules of Bursa Depository as issued in accordance with the SICDA
SAC	:	Shariah Advisory Council of the SC
Sanguine (Malaysia)	:	Sanguine (Malaysia) Sdn Bhd, our wholly-owned subsidiary
SC	:	Securities Commission Malaysia
SD Agri-Bio	:	Sime Darby Agri-Bio Sdn Bhd, our wholly-owned subsidiary
SD Austral	:	Sime Darby Austral Sdn Bhd, our 60% owned subsidiary
SD Austral Holdings	:	Sime Darby Austral Holdings Berhad, our wholly-owned subsidiary
SD Beverages	:	Sime Darby Beverages Sdn Bhd, our wholly-owned subsidiary
SD Biodiesel	:	Sime Darby Biodiesel Sdn Bhd, our wholly-owned subsidiary
SD F&B Marketing	:	Sime Darby Foods and Beverages Marketing Sdn Bhd, our wholly-owned subsidiary
SD Futures Trading	:	Sime Darby Futures Trading Sdn Bhd, our wholly-owned subsidiary
SD Global Services Centre	:	Sime Darby Global Services Centre Sdn Bhd, a wholly-owned subsidiary of SDB
SD Hudson & Knight	:	Sime Darby Hudson And Knight (Proprietary) Limited, our wholly-owned subsidiary
SD Lockton Insurance Brokers	:	Sime Darby Lockton Insurance Brokers Sdn Bhd, a subsidiary of SDB
SD Malaysia	:	Sime Darby Malaysia Berhad, a wholly-owned subsidiary of SDB
SD Plantation or Company	:	Sime Darby Plantation Berhad
SD Plantation (Liberia)	:	Sime Darby Plantation (Liberia) Inc, our wholly-owned subsidiary
SD Plantation (Sabah)	:	Sime Darby Plantation (Sabah) Sdn Bhd, our wholly-owned subsidiary
SD Plantation (Sarawak)	:	Sime Darby Plantation (Sarawak) Sdn Bhd, our wholly-owned subsidiary
SD Plantation Group or Group	:	Collectively, our Company and our subsidiaries
SD Plantation IT	:	Sime Darby Plantation IT Sdn Bhd (formerly known as Sime Darby Jomalina Sdn Bhd), our wholly-owned subsidiary
SD Plantation Share(s) or Share(s)	:	Ordinary share(s) in our Company
SD Property	:	Sime Darby Property Berhad
SD Property Group	:	Collectively, SD Property and its subsidiaries

SD Property Share(s)	:	Ordinary share(s) in SD Property
SD Seeds & Agricultural	:	Sime Darby Seeds & Agricultural Services Sdn Bhd, our wholly-owned subsidiary
SD Unimills	:	Sime Darby Unimills B.V., our wholly-owned subsidiary
SDB	:	Sime Darby Berhad
SDB Group	:	Collectively, SDB and its subsidiaries
SDB Share(s)	:	Ordinary share(s) in SDB
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act 1991 of Malaysia
SOUs	:	Strategic operating units
Trademark and Brand Licence Agreement	:	Trademark and brand licence agreement dated 1 November 2017 between our Company and SD Malaysia where SD Malaysia has granted us the licence to use certain marks belonging to SD Malaysia, subject to the terms and conditions of the agreement
United States	:	United States of America
Verdant Bioscience	:	Verdant Bioscience Pte Ltd, our 52% owned subsidiary
Verdezyne	:	Verdezyne Inc., our associate
Wangsa Mujur	:	Wangsa Mujur Sdn Bhd, our 72.5% owned subsidiary

Currencies

BRL	:	Brazilian Real, the lawful currency of Brazil
CAD	:	Canadian Dollar, the lawful currency of Canada
CFA	:	West African CFA Franc, the currency for the following independent states in West Africa - Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo
CHF	:	Swiss Franc, the lawful currency of Switzerland and Liechtenstein
EUR or Euro	:	Euro, the official currency of the Eurozone
GBP	:	Great Britain Pound, the lawful currency of the United Kingdom
HKD	:	Hong Kong Dollar, the lawful currency of Hong Kong
IDR	:	Indonesian Rupiah, the lawful currency of Indonesia
JPY	:	Japanese Yen, the lawful currency of Japan
KHR	:	Cambodian Riel, the lawful currency of Cambodia
PGK	:	Papua New Guinean Kina, the lawful currency of PNG

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	China Yuan Renminbi, the lawful currency of the People's Republic of China
Rupees	:	Indian Rupee, the lawful currency of India
SBD	:	Solomon Islands Dollar, the lawful currency of the Solomon Islands
SGD	:	Singapore Dollar, the lawful currency of Singapore
THB	:	Thailand Baht, the lawful currency of Thailand
TZS	:	Tanzanian Shilling, the lawful currency of Tanzania
USD	:	United States Dollar, the lawful currency of the United States
VND	:	Vietnamese Dong, the lawful currency of Vietnam
ZAR	:	South African Rand, the lawful currency of South Africa

Measurement

Ha	:	Hectares
km	:	Kilometre
MT	:	Metric tonne
sq ft	:	Square feet
sq m	:	Square metres

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GLOSSARY OF TECHNICAL TERMS

3-MCPD	:	3-monochloropropane-1, 2-diol, the most common found member of a group of food contaminants known as chloropropanols. It was first identified as a contaminant of acid-hydrolyzed vegetable proteins in soy sauce and was later found in other food groups including refined oils and fats
CPKO	:	Crude palm kernel oil, which is the oil extracted from the kernel of the oil palm fruit
CPO	:	Crude palm oil, which is the oil extracted from the fibrous outer layer (mesocarp) of the oil palm fruit
CSPO	:	Certified sustainable palm oil
EFB	:	Empty fruit bunches, the leftover fibrous material after the extraction of oil palm fruits from FFB
FFB	:	Fresh fruit bunches, being the oil palm fruits which grow in bunches on oil palm trees, from which CPO, PK and CPKO are obtained
Genome Select	:	A new oil palm breed which is developed through genomic selection and prediction process
GHG	:	Greenhouse gas
HCS	:	High carbon stock
KCP	:	Kernel crushing plant
KER	:	Kernel extraction rate
MB oil	:	Mass Balance oil, being sustainable palm oil from certified sources which is mixed with ordinary palm oil throughout the supply chain
OER	:	Oil extraction rate
PFAD	:	Palm fatty acid distillates
PK	:	Palm kernel
PKE	:	Palm kernel expeller
PKO	:	Palm kernel oil
POME	:	Palm oil mill effluent
Premium Quality Oil	:	CPO with free fatty acid levels of less than 1.2%
RBD	:	Refined, bleached and deodorised
SG oil	:	Segregated oil, which is sustainable palm oil from different certified sources and is kept completely separate from ordinary palm oil throughout the supply chain, therefore, 100% of the actual product originates from RSPO certified plantations
SMR	:	Standard Malaysian Rubber

1. CORPORATE DIRECTORY

DIRECTORS

Name	Nationality	Address	Profession
Tan Sri Dato' A. Ghani Othman *(Chairman and Non-Independent Non-Executive Director)*	Malaysian	No. 11, Tijani 2, Jalan Tijani 2 Off Jalan Langgak Tunku Bukit Tunku 50480 Kuala Lumpur Wilayah Persekutuan Malaysia	Company Director
Tan Sri Dato' Seri Mohd Bakke Salleh *(Executive Deputy Chairman and Managing Director)*	Malaysian	No. 33, Jalan Changkat Datuk Sulaiman Taman Tun Dr. Ismail 60000 Kuala Lumpur Wilayah Persekutuan Malaysia	Executive Deputy Chairman and Managing Director/ Company Director
Dato' Mohamad Nasir Ab. Latif *(Non-Independent Non-Executive Director)*	Malaysian	No. 91, Jalan USJ 2/4Q 47600 Subang Jaya Selangor Darul Ehsan Malaysia	Deputy CEO of the Investment Division of EPF/Company Director
Dato' Mohd Nizam Zainordin *(Non-Independent Non-Executive Director)*	Malaysian	No. 25, Jalan BK 8/1F Bandar Kinrara 47180 Puchong Selangor Darul Ehsan Malaysia	Deputy President and Group CFO of PNB/Company Director
Zainal Abidin Jamal *(Non-Independent Non-Executive Director)*	Malaysian	No. 4, Jalan 2 Taman Sri Ukay 68000 Ampang Selangor Darul Ehsan Malaysia	Lawyer/ Company Director
Tan Sri Datuk Dr. Yusof Basiran *(Independent Non-Executive Director)*	Malaysian	No. 97, SS 3/41, Kelana Jaya 47300 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director
Datuk Zaiton Mohd Hassan *(Senior Independent Non-Executive Director)*	Malaysian	No. 1955, Jalan G1, Fasa 3A Taman Melawati 53100 Kuala Lumpur Wilayah Persekutuan Malaysia	Accountant/ Company Director
Muhammad Lutfi *(Independent Non-Executive Director)*	Indonesian	Jl. Sriwijaya Raya No.6 Kebayoran Baru Jakarta 12110 Indonesia	Company Director
Dato' Che Abdullah @ Rashidi Che Omar *(Independent Non-Executive Director)*	Malaysian	No. 5, Jalan 9/8B Section 9, 40000 Shah Alam Selangor Darul Ehsan Malaysia	Company Director

1. CORPORATE DIRECTORY *(Cont'd)*

Name	Nationality	Address	Profession
Tan Ting Min *(Independent Non-Executive Director)*	Malaysian	No. 22A, Jalan Bukit Seputeh 1 Seputeh Heights 58000 Kuala Lumpur Wilayah Persekutuan Malaysia	Company Director

GAC

Name	Designation	Directorship
Datuk Zaiton Mohd Hassan	Chairman	Senior Independent Non-Executive Director
Dato' Che Abdullah @ Rashidi Che Omar	Member	Independent Non-Executive Director
Dato' Mohd Nizam Zainordin	Member	Non-Independent Non-Executive Director
Tan Ting Min	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Tan Sri Datuk Dr. Yusof Basiran	Chairman	Independent Non-Executive Director
Datuk Zaiton Mohd Hassan	Member	Senior Independent Non-Executive Director
Dato' Che Abdullah @ Rashidi Che Omar	Member	Independent Non-Executive Director
Dato' Mohd Nizam Zainordin	Member	Non-Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Zainal Abidin Jamal	Chairman	Non-Independent Non-Executive Director
Datuk Zaiton Mohd Hassan	Member	Senior Independent Non-Executive Director
Tan Ting Min	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

SUSTAINABILITY COMMITTEE

Name	Designation	Directorship
Dato' Che Abdullah @ Rashidi Che Omar	Chairman	Independent Non-Executive Director
Muhammad Lutfi	Member	Independent Non-Executive Director
Zainal Abidin Jamal	Member	Non-Independent Non-Executive Director
Dato' Mohamad Nasir Ab. Latif	Member	Non-Independent Non-Executive Director

COMPANY SECRETARIES : Azrin Nashiha Binti Abdul Aziz (LS007238)
Norhelza Binti Ujang (LS-0005986)
Level 10, Main Block, Plantation Tower
No. 2, Jalan PJU 1A/7
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

REGISTERED OFFICE : Level 10, Main Block, Plantation Tower
No. 2, Jalan PJU 1A/7
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. no.: +603 7848 4000
Fax no.: +603 7848 5360

BUSINESS OFFICE : Level 3, Main Block, Plantation Tower
No. 2, Jalan PJU 1A/7
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. no.: +603 7848 4000
Fax no.: +603 7848 4172
E-mail address: plantationccd@simedarby.com
Website: http://www.simedarbyplantation.com

PRINCIPAL BANKERS *(in alphabetical order)* : BNP Paribas Malaysia Berhad
Vista Tower, Level 48A, The Intermark
348, Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel. no.: +603 2179 8236

1. CORPORATE DIRECTORY *(Cont'd)*

PRINCIPAL BANKERS *(Cont'd)* *(in alphabetical order)*	:	CIMB Bank Berhad Corporate Banking Malaysia 20th Floor, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2261 9699
		Citibank Berhad Level 45, Menara Citibank 165, Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2383 3868
		HSBC Amanah Malaysia Berhad 12th Floor, North Tower Bangunan HSBC No. 2, Leboh Ampang 50100 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2075 3026
		Malayan Banking Berhad 37th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2070 8833
		Oversea-Chinese Banking Corporation Limited 18th Floor, Menara OCBC 18, Jalan Tun Perak 50050 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2783 3826
		RHB Bank Berhad Level 7, Tower Three RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 9280 6427
		Standard Chartered Bank Berhad Level 13, Menara Standard Chartered 30 Jalan Sultan Ismail 50250 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2721 5180

1. CORPORATE DIRECTORY *(Cont'd)*

AUDITORS AND REPORTING ACCOUNTANTS	:	PricewaterhouseCoopers (AF1146) Chartered Accountants Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral, PO Box 10192 50706 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2173 1188
PRINCIPAL ADVISER	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2059 1888
LEGAL ADVISER FOR OUR LISTING	:	*To our Company as to the laws of Malaysia* Kadir, Andri & Partners Level 10, Menara BRDB 285, Jalan Maarof Bukit Bandaraya 59000 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2780 2888
LEGAL ADVISERS FOR OUR MATERIAL FOREIGN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	:	*For our material foreign subsidiaries as to the laws of Indonesia* Melli Darsa & Co., a member of PwC global network Menara Standard Chartered, 19th Floor Jl. Prof. Dr. Satrio No. 164, Jakarta 12930, Indonesia Tel. no.: +62 21 2553 2019 *For our material foreign subsidiaries as to the laws of PNG* Ashurst PNG Level 4, Mogoru Moto Building Champion Parade, PO Box 850 Port Moresby, Papua New Guinea Tel. no.: +675 309 2000 *For our material foreign subsidiary as to the laws of the Solomon Islands* Michael Pitakaka Law Chamber Room 13, Supreme Plaza Kukum Highway, P.O. Box 1633 Honiara, Solomon Islands Tel. no.: +677 25614

1. CORPORATE DIRECTORY *(Cont'd)*

LEGAL ADVISERS FOR OUR MATERIAL FOREIGN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(Cont'd)* :

For our material foreign subsidiary as to the laws of Liberia
Pierre, Tweh & Associates, Inc.
3rd Floor, Blue Plaza Building
Benson Streets – Between Newport and Roberts Streets
P.O. Box 10-2536
1000 Monrovia 10, Liberia
Tel. no.: +231 886512924

For our material foreign subsidiaries as to the laws of the Netherlands
Ten Holter Noordam advocaten
Veerhaven 17
3016 CJ Rotterdam, PO Box 615
3000 AP Rotterdam, the Netherlands
Tel. no.: +31 (0)10 241 88 00

For our material foreign subsidiaries as to the laws of Thailand
Norton Rose Fulbright (Thailand) Limited
Sindhorn Building, Tower 2, Floor 14
130-132 Wireless Road
Bangkok 10330, Thailand
Tel. no.: +662 205 8500

For our material foreign subsidiaries as to English law
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ
United Kingdom
Tel. no.: +44 20 7283 6000

For our material foreign joint venture as to the laws of the People's Republic of China
AllBright Law Offices
11, 12/F, Shanghai Tower
No. 501, Yincheng Middle Road
Pudong New Area
Shanghai 200120, People's Republic of China
Tel. no.: +86 21 2051 1000

For our material foreign joint venture as to the laws of the State of Delaware
Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, NY 10019-6022
United States
Tel. no.: +1 212 318 3000

For our material foreign subsidiaries as to the laws of Hong Kong
Norton Rose Fulbright Hong Kong
38/F Jardine House, 1 Connaught Place
Central, Hong Kong
Tel. no.: +852 3405 2300

1. CORPORATE DIRECTORY *(Cont'd)*

LEGAL ADVISERS FOR OUR MATERIAL FOREIGN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(Cont'd)*	:	*For our material foreign subsidiaries as to the laws of Singapore* Norton Rose Fulbright (Asia) LLP One Raffles Quay, 34-02 North Tower Singapore, 048583 Tel. no.: +65 6223 7311 *For our material foreign subsidiary as to the laws of the Cayman Islands* Conyers Dill & Pearman Pte. Ltd. 9 Battery Road #20-01 MYP Centre Singapore 049910 Tel. no.: +65 6223 6006
INDEPENDENT MARKET RESEARCH CONSULTANT	:	Frost & Sullivan GIC Malaysia Sdn Bhd Suite C-11-02, Block C Plaza Mont' Kiara 2, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 6204 5800
SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. no.: +603 2783 9299
SHARIAH STATUS	:	Approved by the SAC
LISTING SOUGHT	:	Main Market of Bursa Securities

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2. INTRODUCTION

This Prospectus is dated 28 November 2017.

This Prospectus has been registered by the SC. We have also lodged a copy of this Prospectus with the Registrar of Companies Malaysia who takes no responsibility for its contents.

We received the SC's approval for our Listing on 26 October 2017. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends our Listing or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares for investment. The SC is not liable for any non-disclosure in this Prospectus by us. The SC also takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss that you may suffer arising from your reliance upon the whole or any part of the contents of this Prospectus.

On 4 October 2017, the SAC classified our Shares as Shariah-compliant based on our latest audited consolidated financial information for the FYE 30 June 2017. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

YOU ARE ADVISED TO MAKE YOUR OWN INDEPENDENT ASSESSMENT OF OUR COMPANY AND SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF YOUR INVESTMENT IN US.

We have received Bursa Securities' approval on 10 November 2017 for our Admission and Listing. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from Bursa Depository that all our Shares have been credited into the respective CDS accounts of the Entitled Shareholders of SDB. The notices of allotment will be despatched to the Entitled Shareholders of SDB immediately upon our Listing. Our Admission should not be taken as an indication of the merits of our Company, our Shares or our Listing.

Bursa Securities has prescribed our Shares as prescribed securities in accordance with Section 14(1) of the SICDA. Consequently, our Shares will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to the Entitled Shareholders of SDB.

Under the Listing Requirements, at least 25.0% of the total number of our Shares for which listing is sought must be held by at least 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. If the above requirement is not met, we may not be allowed to proceed with our Listing. SDB is currently in compliance with the public shareholding spread requirement as prescribed under the Listing Requirements ("**Public Shareholding Spread Requirement**"). As a result of the Distribution of SD Plantation Shares, it is therefore envisaged that our Company will be in compliance with the Public Shareholding Spread Requirement upon our Listing.

This Prospectus is issued for information purpose only. No offer for subscription or purchase of, or invitation to subscribe for or purchase of securities is or will be made on the basis of this Prospectus.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS.

3. SUMMARY

This section is only a summary of the salient information about us and our Listing and is extracted and summarised from the full text of this Prospectus. It may not contain all the information that may be important to you. You should read and understand this section together with the entire Prospectus. You are advised to read the risk factors described in Section 5 of this Prospectus for an understanding of the risks associated with the investment in our Company.

3.1 OVERVIEW

We are the world's largest oil palm plantation company by planted area, accounting for about 4% of total global production of CPO in 2016, with a strong focus on operational excellence, research, innovation and sustainability. As at the LPD, we have 602,454 Ha of land planted with oil palm, and production of about 2.48 million MT of CPO for the FYE 30 June 2017. We are a globally integrated plantation company, involved in the entire span of the palm oil value chain, from upstream to downstream activities, R&D, renewables and agribusiness. We are also involved in rubber and sugarcane plantations as well as cattle rearing.

Our primary activities involve:

Upstream:

- developing, cultivating and managing oil palm, rubber and sugarcane plantation estates;
- milling of FFB into CPO and PK, processing and sales of rubber and sugarcane; and
- cattle rearing and beef production.

Downstream:

- crushing of PK into CPKO and PKE;
- production and sales of bulk and refined oils and fats (which includes specialty and end-user oils and fats); and
- production and sales of nutraceutical products (which includes nutritional supplements such as tocotrienols, and animal nutrition products), oleochemicals, biodiesel products and derivatives.

Others:

- other activities including agricultural products and services, production and sales of oil palm seeds and seedlings, research and breeding programmes of oil palm and rubber with special focus on genome science; and
- renewables business with a focus on development of green technology and renewable energy which includes bio-based chemicals, biogas and composting.

In upstream, we operate and manage 248 plantation estates and 72 palm oil mills located in Malaysia, Indonesia, PNG and the Solomon Islands, and Liberia. As at the LPD, we have a total landbank of 983,528 Ha, of which 602,454 Ha is planted with oil palm, 13,478 Ha with rubber and 5,613 Ha with sugarcane. We also have a total of 8,956 Ha of land allocated for cattle rearing.

The table below summarises our key assets as at the LPD:

	Malaysia	Indonesia	PNG and the Solomon Islands	Liberia	TOTAL
Landbank (Ha)	343,938[(1)]	279,691[(2)]	139,899	220,000	983,528
Total planted (Ha)	314,932[(1)]	203,950	101,111[(3)]	10,508	630,501[(3)]
Oil palm (Ha)					
- Mature	251,713	161,013	76,608	9,356	498,690
- Immature	51,616	41,169	9,934	1,045	103,764
- Total planted	303,329	202,182	86,542	10,401	602,454
Rubber (Ha)	11,603	1,768	-	107	13,478
Sugarcane (Ha)	-	-	5,613	-	5,613
Plantation estates	124	69	50	5	248
Palm oil mills	35	24	12	1	72
Crushing plants	2	2	6	-	11[(4)]
Crushing plants capacity (MT/year)	312,000	105,000	152,640	-	701,640[(4)]

Notes:

(1) Our landbank in Melaka will be reduced by 148.17 Ha (366.13 acres) upon completion of the sale and purchase agreement dated 25 October 2017. Please refer to Section 15.6(iv) of this Prospectus for details of the said transaction.

(2) Excludes greenfield land of around 20,000 Ha, whereby the acquisition of a 90% equity stake in an Indonesian company that was entered into in 2014 was recently completed after the LPD.

(3) Includes 8,956 Ha of land for cattle rearing.

(4) Includes a soya crushing plant in Thailand with capacity of 132,000 MT per year.

In line with our commitment to be a leader in sustainability, we are now the world's largest producer of CSPO, with around 20% market share of the world production by capacity as at the LPD. We are also one of the founding members of RSPO, a global multi-stakeholder initiative that ensures companies take ownership in producing sustainable palm oil. As at the LPD, all of our 33 SOUs in Malaysia (except for 2 oil palm estates and 1 palm oil mill in Johor), and 6 SOUs in PNG and the Solomon Islands are 100% RSPO certified, while 22 of our 23 SOUs in Indonesia are RSPO certified and our SOU in Liberia is due to be certified in 2018. For the FYE 30 June 2017, about 98% of our Group's CPO production, totalling about 2.43 million MT is CSPO.

Our downstream operations, inclusive of sales and marketing offices, are spread across 16 countries. Our operating assets include 12 refineries (3,973,000 MT), 10 KCPs (569,640 MT), 1 soya crushing plant (132,000 MT), 1 biodiesel plant (60,000 MT), 14 bulking installations (about 300,000 MT) and 3 oleochemical plants, through our joint venture in Emery (663,000 MT).

Please refer to Section 7 of this Prospectus for further information on our business.

3.2 COMPETITIVE STRENGTHS, STRATEGIES AND FUTURE PLANS

3.2.1 Competitive strengths

(i) We are well-positioned to benefit from strong industry fundamentals and demand growth trends;

(ii) We are the world's largest oil palm plantation company by oil palm planted area with a wide and diverse geographical reach and we are the world's largest CSPO producer:

(a) we have the ability to leverage on volume and economies of scale;

(b) we have a wide and diverse geographical reach; and

(c) we are recognised for our sustainability credentials and product quality;

(iii) We are innovation and R&D-driven;

(iv) Our fully integrated business model allows us to leverage and diversify along the palm oil value chain;

(v) As a fully-integrated player, we have a sound financial profile which helps to withstand economic downturns and moderate the impact from such volatilities; and

(vi) We have an experienced Board and management team with relevant expertise.

3.2.2 Strategies and future plans

Our recent 5-year strategy blueprint emphasises on growth and competitive strategies, which is to be achieved through:

(i) driving operational excellence in our upstream business;

(ii) serving our customers' evolving needs in our downstream business; and

(iii) maximising returns across the palm oil value chain by leveraging on our integrated business model.

To better execute our strategic plans, we will continue to focus on the following 4 key areas:

- encourage a work culture which drives performance;
- continue to build and leverage on our sustainability credentials;
- focus on innovation to remain competitive; and
- commit in delivering results for the stakeholders.

Please refer to Sections 7.2 and 7.3 of this Prospectus for further information on our competitive strengths as well as strategies and future plans, respectively.

3.3 FINANCIAL INFORMATION

3.3.1 Selected historical financial information

The following selected historical financial information for the periods indicated below should be read in conjunction with the *"Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects"* as set out in Section 12.2 of this Prospectus and our historical financial statements and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus.

(i) Consolidated statements of profit or loss

	FYE 30 June		
	2015	**2016**	**2017**
	RM'000	**RM'000**	**RM'000**
Revenue	10,304,041	11,946,464	14,779,381
Operating expenses	(9,185,254)	(11,130,911)	(12,991,023)
Other operating income	333,144	331,102	2,671,005
Other gains and losses	118,986	121,303	78,507
Operating profit	**1,570,917**	**1,267,958**	**4,537,870**
Share of results of joint ventures	(33,774)	(1,883)	(76,606)
Share of results of associates	457	(6,706)	(5,929)
PBIT	**1,537,600**	**1,259,369**	**4,455,335**
Finance income	85,517	43,763	47,486
Finance costs	(307,194)	(464,093)	(471,858)
PBT	**1,315,923**	**839,039**	**4,030,963**
Tax (expense)/credit	(284,477)	163,896	(479,053)
Profit for the financial year	**1,031,446**	**1,002,935**	**3,551,910**
Profit for the financial year attributable to:			
- owner of our Company	997,113	967,179	3,507,099
- perpetual sukuk	-	-	2,724
- non-controlling interests	34,333	35,756	42,087
	1,031,446	**1,002,935**	**3,551,910**

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3. SUMMARY *(Cont'd)*

(ii) Consolidated statements of comprehensive income

	FYE 30 June		
	2015	**2016**	**2017**
	RM'000	**RM'000**	**RM'000**
Profit for the financial year	1,031,446	1,002,935	3,551,910
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences:			
- subsidiaries	527,590	421,291	214,580
- joint ventures	5,223	31,774	11,385
Available-for-sale investments:			
- changes in fair value	(16,587)	18,438	(1,983)
Cash flow hedge:			
- changes in fair value	(3,500)	(37,343)	6,763
- transfers to profit or loss	(7,342)	(9,293)	25,430
Tax credit/(expenses) relating to components of other comprehensive income	3,792	5,445	(7,034)
	509,176	448,898	249,141
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on defined benefit plans	(7,494)	446	17,230
Share of other comprehensive (loss)/income of joint ventures	(20,857)	5,573	(8,179)
Tax credit/(charge) relating to components of other comprehensive income	1,954	(113)	(4,292)
	(26,397)	5,906	4,759
Total other comprehensive income for the financial year	**482,779**	**454,804**	**253,900**
Total comprehensive income for the financial year	**1,514,225**	**1,457,739**	**3,805,810**

	FYE 30 June		
	2015	**2016**	**2017**
	RM'000	**RM'000**	**RM'000**
Total comprehensive income for the financial year attributable to:			
- owner of our Company	1,455,089	1,386,966	3,764,109
- perpetual sukuk	-	-	2,724
- non-controlling interests	59,136	70,773	38,977
	1,514,225	**1,457,739**	**3,805,810**

(iii) Consolidated financial data

	FYE 30 June		
	2015	**2016**	**2017**
Gross profit (RM'000)	4,795,063	5,448,422	6,922,708
Depreciation and amortisation (RM'000)	798,004	1,124,456	1,246,672
Gross profit margin (%)[(1)]	46.5	45.6	46.8
PBT margin (%)[(2)]	12.8	7.0	27.3
EPS[(3)]			
- Basic (RM)	1.66	1.61	5.84
- Diluted (RM)	1.66	1.61	5.84
NA (RM'000)	9,466,053	10,047,137	15,123,355

Notes:

(1) Computed based on gross profit divided by the total revenue of our Group.
(2) Computed based on PBT divided by the total revenue of our Group.
(3) Calculated by dividing the profit for the financial year attributable to the owner of our Company by the weighted average number of Shares for the respective financial year.

3.3.2 Selected pro forma consolidated statements of financial position

The selected pro forma consolidated statements of financial position of our Group as at 30 June 2017 have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of our Group as at 30 June 2017 on the assumption that the following transactions had been effected on 30 June 2017:

(i) sale of the 1,880 acres of land earmarked for the Malaysia Vision Valley project which is located in Labu, Negeri Sembilan to SD Property pursuant to the sale and purchase agreement dated 9 June 2017 (as amended pursuant to letters dated 29 September 2017 and 17 October 2017) entered into between our Company and SD Property for a consideration of about RM690 million, which was completed on 29 September 2017 ("**Sale of MVV Land to SD Property**");

(ii) settlement of a net inter-company non-trade related amount of about RM873 million owing by our Group to the SDB Group as at 30 June 2017 and after setting off such amounts from the Sale of MVV Land to SD Property, where about RM373 million was settled via cash before 31 October 2017 while RM500 million was settled via issuance of new Shares to SDB at a total value of RM500 million on 13 November 2017 ("**Intercompany Settlement**");

(iii) thereafter, the subdivision of our Shares into 6,800,839,377 Shares to facilitate the Distribution of SD Plantation Shares, which was completed on 14 November 2017 ("**Share Split**"); and

(iv) our Listing.

3. SUMMARY *(Cont'd)*

The following information should be read in conjunction with the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position and the notes thereon set out in Section 12.4 of this Prospectus.

	Audited as at 30 June 2017	Pro forma I After the Sale of MVV Land to SD Property	Pro forma II After Proforma I, the Intercompany Settlement, the Share Split and our Listing
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	18,339,595	18,339,595	18,339,595
Investment properties	15,180	15,180	15,180
Prepaid lease rentals	625,009	625,009	625,009
Joint ventures	479,675	479,675	479,675
Associates	129,123	129,123	129,123
Intangible assets	3,039,241	3,039,241	3,039,241
Available-for-sale investments	110,389	110,389	110,389
Deferred tax assets	640,812	640,812	640,812
Tax recoverable	332,700	332,700	332,700
Trade and other receivables	82,802	82,802	82,802
	23,794,526	**23,794,526**	**23,794,526**
Current assets			
Inventories	1,521,808	1,521,808	1,521,808
Biological assets	198,999	198,999	198,999
Trade and other receivables	2,558,126	2,558,126	2,558,126
Tax recoverable	385,161	385,161	385,161
Amounts due from fellow subsidiaries	43,031	43,031	3,031
Derivatives	56,184	56,184	56,184
Cash and bank balances and deposits	713,448	713,448	359,327
	5,476,757	**5,476,757**	**5,082,636**
Non-current assets held for sale	183,594	169,841	169,841
Total current assets	**5,660,351**	**5,646,598**	**5,252,477**

	Audited as at 30 June 2017	Pro forma I After the Sale of MVV Land to SD Property	Pro forma II After Proforma I, the Intercompany Settlement, the Share Split and the Listing
	RM'000	**RM'000**	**RM'000**
Current liabilities			
Trade and other payables	1,772,716	1,772,716	1,772,716
Deferred income	26,707	26,707	26,707
Amount due to holding company	145,392	145,392	-
Amounts due to fellow subsidiaries	1,441,523	751,936	24,228
Tax payable	267,729	267,729	267,729
Derivatives	27,732	27,732	27,732
Borrowings	1,325,449	1,325,449	1,325,449
Finance lease obligations	2,993	2,993	2,993
	5,010,241	**4,320,654**	**3,447,554**
Liabilities directly associated with assets held for sale	15,395	15,395	15,395
Net current assets	**634,715**	**1,310,549**	**1,789,528**
Non-current liabilities			
Retirement benefits	237,850	237,850	237,850
Deferred income	912	912	912
Deferred tax liabilities	2,595,657	2,595,657	2,595,657
Borrowings	6,412,478	6,412,478	6,412,478
Finance lease obligations	50,074	50,074	50,074
Other payables	8,915	8,915	8,915
	9,305,886	**9,305,886**	**9,305,886**
NA	**15,123,355**	**15,799,189**	**16,278,168**
Equity			
Share capital	600,000	600,000	1,100,000
Reserves	11,858,084	12,533,918	12,512,897
Equity attributable to the owner of our Company	**12,458,084**	**13,133,918**	**13,612,897**
Perpetual sukuk	2,231,384	2,231,384	2,231,384
Non-controlling interests	433,887	433,887	433,887
Total equity / NA	**15,123,355**	**15,799,189**	**16,278,168**
Number of ordinary shares in issue ('000)	**600,000**	**600,000**	**6,800,839**
NA per Share attributable to the equity holders of our Company (RM)	**20.76**	**21.89**	**2.00**

Please refer to Sections 12 and 13 of this Prospectus for further information on our financial information.

3.4 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

The declaration of interim and final dividends is subject to the discretion of our Board. However, our ability to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including:

- the level of our cash, gearing, return on equity and retained earnings;
- our expected financial performance;
- our projected levels of capital expenditure and other investment plans;
- our working capital requirements; and
- our existing and future debt obligations.

We propose to pay dividends out of cash generated from our operations after setting aside necessary funding for capital expenditure and working capital requirements. As part of this policy, our Company targets a dividend payout ratio of not less than 50.0% of our consolidated profit attributable to the owners of our Company under MFRS, beginning 1 July 2017.

You should note that the foregoing statement on the payment of dividends merely describes our Company's present intention and should not constitute a legally binding obligation on our Company or legally binding statement in respect of our future dividends which are subject to modification (including non-declaration of dividends) at our Board's discretion. Please refer to Section 12.5 of this Prospectus for further details of our dividend policy.

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.

3.5 DETAILS OF OUR LISTING

On 20 November 2017, the shareholders of SDB approved the proposed demerger of the SDB Group to create 3 separate and independent listed entities with distinct businesses with our Company and SD Property to undertake the plantation and property businesses of the SDB Group respectively, while SDB is to remain listed on the Main Market of Bursa Securities with the following businesses:

(i) trading comprising motors and industrial;

(ii) logistics; and

(iii) other businesses comprising healthcare, insurance, retail and other investments.

The Pre-Listing Restructuring is undertaken to facilitate the listing of our Shares on the Main Market of Bursa Securities, comprising the following:

(i) internal restructuring of the SDB Group prior to the Distributions;

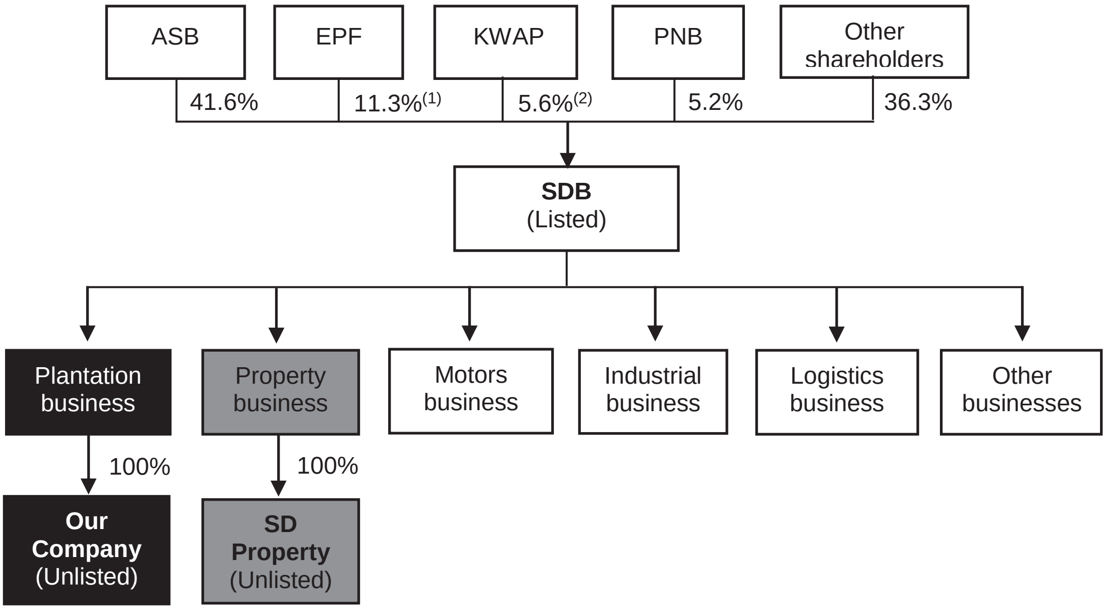
(ii) subdivision of our Shares; and

(iii) distribution of our Shares to the Entitled Shareholders of SDB,

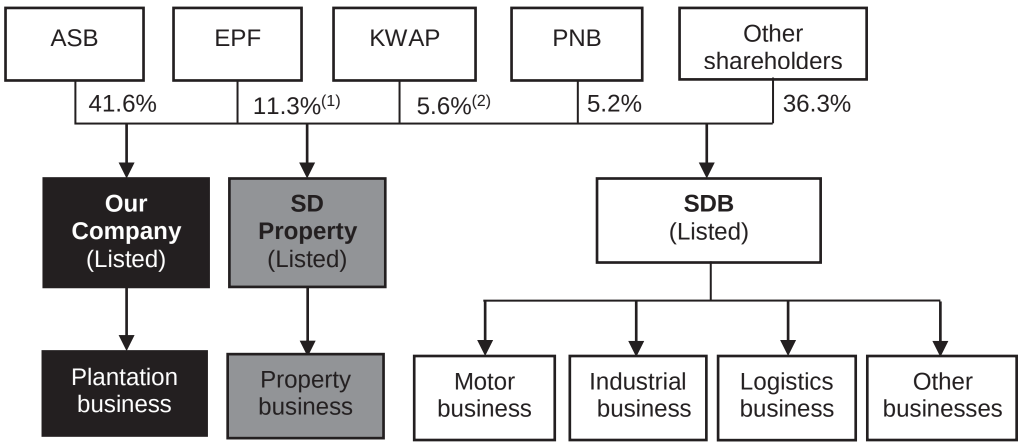
as further described in Section 4.1.1 of this Prospectus.

Based on the shareholding structure of SDB as at the LPD, the corporate structure of the SDB Group before and after the Pre-Listing Restructuring and our Listing are as follows:

Before the Pre-Listing Restructuring and our Listing



After the Pre-Listing Restructuring and our Listing



Notes:

(1) *Comprising 10.0% direct interest and 1.3% indirect interest (managed by/through Citigroup Nominees (Tempatan) Sdn Bhd for EPF).*

(2) *Comprising 5.2% direct interest and 0.4% indirect interest (managed by KWAP's fund managers).*

In conjunction with the Pre-Listing Restructuring and since our Group, the SDB Group and the SD Property Group will be separate groups post the Distributions, our Company had also entered into the Land Option Agreements, the Master Services Agreement, the Trademark and Brand Licence Agreement, the Broker Services Agreement and the Donation Agreement to govern certain commercial arrangements or transactions between the parties.

Please refer to Section 4 of this Prospectus for further details of our Listing.

3.6 RISK FACTORS

Our businesses are subject to a number of factors, many of which are outside our control. You should carefully consider the risks set out below, along with the other matters in this Prospectus. The risks set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us and/or our Shares.

3.6.1 Risks relating to our industry

(i) Fluctuations in commodity and raw materials prices will affect our performance;

(ii) Variations in the yield levels of oil palm due to age and other factors can affect our performance;

(iii) Our production and supply of FFB may be adversely affected by weather conditions, natural disasters and other factors;

(iv) Import tariffs, taxes and other import restrictions imposed by other countries may affect the demand for our products;

(v) We are exposed to changes in consumer trends and significant competition from other companies and products; and

(vi) An outbreak of infectious or virulent diseases, if uncontrolled, may have an adverse effect on our Group's operations.

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3.6.2 Risks relating to our business

(i) Any prolonged or significant disruption to our plantation and production facilities may affect our operations and financial results;

(ii) We are dependent on the availability of adequate manpower;

(iii) We may not be able to acquire new plantation land, maintain ownership of our existing lands and renew our leased lands;

(iv) Our performance is affected by adverse movements in foreign exchange;

(v) We may not be able to obtain, maintain or renew statutory and regulatory approvals, licences, permits and certificates required for our business due to reasons beyond our control;

(vi) We may be affected by adverse events/developments or negative publicity relating to the "Sime Darby" brand;

(vii) We may suffer uninsured losses or losses in excess of insured limits;

(viii) We are subject to the laws, regulations, policies, and the political and social environment of the countries where we operate;

(ix) Legal disputes or proceedings could expose us to liability and negatively impact our reputation; and

(x) United Kingdom's exit from the European Union in the future may have a negative effect on global economic conditions, financial markets and our business.

3.6.3 Risks relating to the countries where we operate

(i) Additional risks relating to our operations in Indonesia

- We may not be able to continue to use, renew or expand some of our land rights in Indonesia;
- We may be adversely affected by third parties' actions in open burning for land clearing; and
- The results of our operations in Indonesia are affected by Indonesian export taxes.

(ii) Additional risk relating to our operations in PNG

- The proposed changes in PNG laws relating to ownership of land and the range of business activities of which only PNG citizens may engage in may affect our ownership of land and our ability to continue operating in PNG.

(iii) Additional risks relating to our operations in Liberia

- The delays in land development and social/community matters increase the operational costs of our operations in Liberia; and

- Non-compliance with the concession agreement between the Republic of Liberia and SD Plantation (Liberia).

3.6.4 Risk relating to our Shares and our Listing

(i) Our Listing may not result in an active liquid market for our Shares;

(ii) The trading price and trading volume of our Shares may be volatile; and

(iii) There may be a delay in, or termination of, our Listing.

Please refer to Section 5 of this Prospectus for further details of our risk factors.

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4. DETAILS OF OUR LISTING

4.1 PARTICULARS OF OUR LISTING

On 20 November 2017, the shareholders of SDB approved the proposed demerger of the SDB Group to create 3 separate and independent listed entities with distinct businesses with our Company and SD Property to undertake the plantation and property businesses of the SDB Group respectively, while SDB is to remain listed on the Main Market of Bursa Securities with the following businesses:

(i) trading comprising motors and industrial;

(ii) logistics; and

(iii) other businesses comprising healthcare, insurance, retail and other investments.

4.1.1 Pre-Listing Restructuring

The Pre-Listing Restructuring is undertaken to facilitate the listing of our Shares on the Main Market of Bursa Securities, comprising the following:

(i) internal restructuring of the SDB Group prior to the Distributions;

(ii) subdivision of our Shares ("**Share Split**"); and

(iii) distribution of our Shares to the Entitled Shareholders of SDB,

as further described below.

(i) Internal restructuring exercise

Prior to the Share Split and Distribution of SD Plantation Shares, there was an internal restructuring exercise involving the following:

(a) restructuring of the borrowings of the SDB Group, resulting in the novation of the following capital market programmes and issuances to our Company:

(aa) Novation of Multi-currency Sukuk (as defined below)

The USD1.5 billion multi-currency sukuk programme was established on 11 January 2013 and is structured under the shariah principle of Ijarah, which is a sale and leaseback arrangement. Details of the outstanding amounts prior to the novation are as follows:

Issuance date	Outstanding amount	Distribution rate (per annum)	Maturity date
	USD'million	%	
29 January 2013	400	2.053	29 January 2018
29 January 2013	400	3.290	29 January 2023
Total	**800**		

On 18 April 2017, SDB had announced an invitation to tender for repurchase for cash of USD400.0 million sukuk due in 2018 ("**2018 Sukuk**") and USD400.0 million sukuk due in 2023 ("**2023 Sukuk**") (collectively, "**Multi-currency Sukuk**") ("**Sukuk Tender Offer**") and substitution of our Company in place of SDB in its capacities as obligor, seller and lessee in respect of the Multi-currency Sukuk ("**Sukuk Novation**"). The Sukuk Tender Offer and Sukuk Novation were approved by the holders of the 2018 Sukuk and 2023 Sukuk on 16 May 2017. Pursuant to the Sukuk Tender Offer, SDB had repurchased in part the Multi-currency Sukuk ("**Accepted Sukuk**") on 23 May 2017. The Accepted Sukuk was subsequently cancelled and the outstanding principal amount of the Multi-currency Sukuk of USD172 million was novated to our Company on 23 May 2017. Further details are summarised in the table below:

	Total settlement for the Accepted Sukuk		**Outstanding principal amount novated**	
	USD'million	***RM'million**	**USD'million**	***RM'million**
2018 Sukuk	350	1,506	50	213
2023 Sukuk	278	1,193	122	527
Total	**628**	**2,699**	**172**	**740**

***Note**:*

* *Equivalent amount in RM was translated based on the exchange rate of USD1 : RM4.2979, being the middle rate quoted by Bank Negara Malaysia at 3.30 p.m. as at 23 May 2017, being the day SDB repurchased and novated the sukuk to our Company.*

(bb) Novation of perpetual subordinated sukuk ("Perpetual Sukuk")

SDB made its first issuance of RM2.2 billion nominal value of Perpetual Sukuk on 24 March 2016 pursuant to the RM3 billion Perpetual Sukuk programme. The Perpetual Sukuk is unsecured and is issued under the Islamic principle of Wakalah Bi Al-Istithmar.

Pursuant to the approval received on 16 June 2017 from the holders of the outstanding Perpetual Sukuk, SDB had novated the Perpetual Sukuk programme of RM3 billion (including the outstanding amount of RM2.2 billion) to our Company on 23 June 2017.

Both the Multi-currency Sukuk and Perpetual Sukuk were novated to our Company principally because the funds were mainly raised to finance the acquisition of NBPOL and we have the capacity to increase our leverage given our strong financial position to support the debt obligations;

(b) transfer of property assets involving the sale of an aggregate of 10,676 acres of land earmarked for the Malaysia Vision Valley project which is located in Labu, Negeri Sembilan ("**MVV Land**") from our Company to KSDB, a wholly-owned subsidiary of SDB, and SD Property respectively ("**MVV Land Sales**"), as follows:

Purchaser	**Date of sale and purchase agreement**	**Size of the MVV Land acquired**	**Purchase consideration**
		Acres	**RM'million**
KSDB[1]	7 June 2017 (as amended pursuant to a letter dated 25 October 2017[3])	8,796	2,503.6
SD Property[2]	9 June 2017 (as amended pursuant to letters dated 29 September 2017 and 17 October 2017[3])	1,880	689.6
Total		**10,676**	**3,193.2**

***Notes**:*

*(1) The acquisition was completed on 30 June 2017. The purchase consideration was arrived at after taking into consideration the market value as ascribed by C H Williams Talhar & Wong Sdn Bhd ("**WTW**") as at 3 November 2016 of RM6.53 per square foot based on the comparison method which entails an analysis of recent transactions and asking prices of similar properties in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape and type of development, among others ("**Comparison Method**").*

(2) The acquisition was completed on 29 September 2017. The purchase consideration was arrived at after taking into consideration the market value as ascribed by WTW as at 3 November 2016 of RM8.42 per square foot based on the Comparison Method.

*(3) As set out in the respective sale and purchase agreements, a registered surveyor will be appointed to determine the actual land area of the MVV Land ("**Survey**"). Pursuant to the letters dated 29 September 2017, 17 October 2017 and 25 October 2017, the parties validated and confirmed the results of the Survey which found that there were discrepancies between the actual land area of the MVV Land and the land area as stated in the respective sale and purchase agreements. The purchase consideration for the MVV Land was adjusted accordingly for such difference in land area pursuant to the aforementioned letters.*

The purchase consideration for the MVV Land Sale to KSDB was set-off against the amount owing from our Company to the SDB Group. The purchase consideration for the MVV Land Sale to SD Property was also set-off against the amount owing from our Company to the SDB Group such that the inter-company balance owing by SD Property to the SDB Group was increased by about RM690 million.

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

A summary of the information on the MVV Land sold to KSDB and SD Property is as follows:

Details		MVV Land to KSDB	MVV Land to SD Property
Description	:	Parcels of agricultural land with development potential	
Postal address	:	Mukim of Labu, District of Seremban, Negeri Sembilan Darul Khusus	
Land title	:	Geran 62756 Lot 2877 and 28 others identified as Labu and New Labu estates	Geran 234988 Lot 1711 and 7 others identified as Labu Estate; Geran 233004 Lot 846 and 8 others identified as New Labu (Main Division) Estate; and Geran 64560 Lot 1554 and 4 others identified as New Labu (Kirby) Estate
Tenure	:	Freehold	
Registered owners	:	SD Plantation (for 22 land titles), Kumpulan Tebong Sendirian Berhad, our wholly-owned subsidiary (for 7 land titles)	SD Plantation (for 20 land titles), Kumpulan Tebong Sendirian Berhad, our wholly-owned subsidiary (for 1 land title) and Consolidated Plantation Berhad, also our wholly-owned subsidiary (for 1 land title)
Beneficial owner	:	SD Plantation (for all 29 land titles)	SD Plantation (for all 22 land titles)
Category of land use	:	Agriculture (for 26 land titles) Nil (for 3 land titles)	Agriculture (for 19 land titles) Nil (for 3 land titles)
Existing use	:	Cultivated with oil palm, including buildings, roads, facilities and other amenities*	
Land area	:	8,796 acres* (in aggregate)	1,880 acres* (in aggregate)
Date of certificate of fitness for occupation	:	N/A	
Audited NBV as at 30 June 2017	:	RM2 million	RM14 million
Encumbrances	:	3 lots of land are leased to MPOB	Nil
Express conditions	:	For use of oil palm plantation (for 23 land titles) Nil (for 6 land titles)	The land shall be used for agriculture (for 3 land titles) For use of oil palm plantation (for 2 land titles) Nil (for 17 land titles)
Restrictions-in-interest	:	Nil	Nil
Maturity of the trees as at the completion of the	:	13.4 years	12.5 years

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

Details		MVV Land to KSDB		MVV Land to SD Property	
MVV Land Sales					
FFB production for the past 3 years	:	**Year**	**MT**	**Year**	**MT**
		FYE 30 June 2015	64,357	FYE 30 June 2015	14,094
		FYE 30 June 2016	51,750	FYE 30 June 2016	11,382
		FYE 30 June 2017	65,457	FYE 30 June 2017	13,017

Note:

* *The total planted area of the MVV Land sold to KSDB and SD Property is about 7,959 acres and about 1.684 acres respectively. The remaining unplanted are mainly consists of buildings, sites and roads as well as plantable and unplantable reserve land.*

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Following the completion of the MVV Land Sales, our Company had on 19 July 2017 and 29 September 2017 entered into separate tenancy agreements with KSDB and SD Property (as amended pursuant to letters dated 15 November 2017 and 10 November 2017 respectively) for the leaseback of the respective portion of the MVV Land acquired from our Company ("**MVV Land Leaseback**") for our Group to continue to manage the estates on the MVV Land (including planting/replanting, maintenance of oil palm and the harvesting and selling of FFB), pending the commencement of development on the MVV Land.

Please refer to Section 15.6(iii) and items 21 and 22 of Section 11.1.1(ii) of this Prospectus for details of the agreements relating to the MVV Land Sales and the MVV Land Leaseback respectively. The salient terms of the agreements of the MVV Land Leaseback are similar to the salient terms of the template tenancy agreement attached in the respective Land Option Agreements, as described in Section 4.1.2(i) of this Prospectus; and

(c) settlement of the net inter-company non-trade related amount owing by our Group to the SDB Group after taking into account items (a) and (b) above in the following manner:

	RM'million
Proforma balance as at 30 September 2017 (without taking into account the MVV Land Sales to KSDB and SD Property which were completed on 30 June 2017 and 29 September 2017 respectively)	4,293
Settlement for the MVV Land Sale to KSDB	(2,503)
Settlement for the MVV Land Sale to SD Property	(690)
Net amount owing	**1,100**
Settled via the following:	
Capitalisation via issuance of new Shares to SDB on 13 November 2017	500
Cash which was paid in October 2017	600
Total	**1,100**

(ii) Share Split

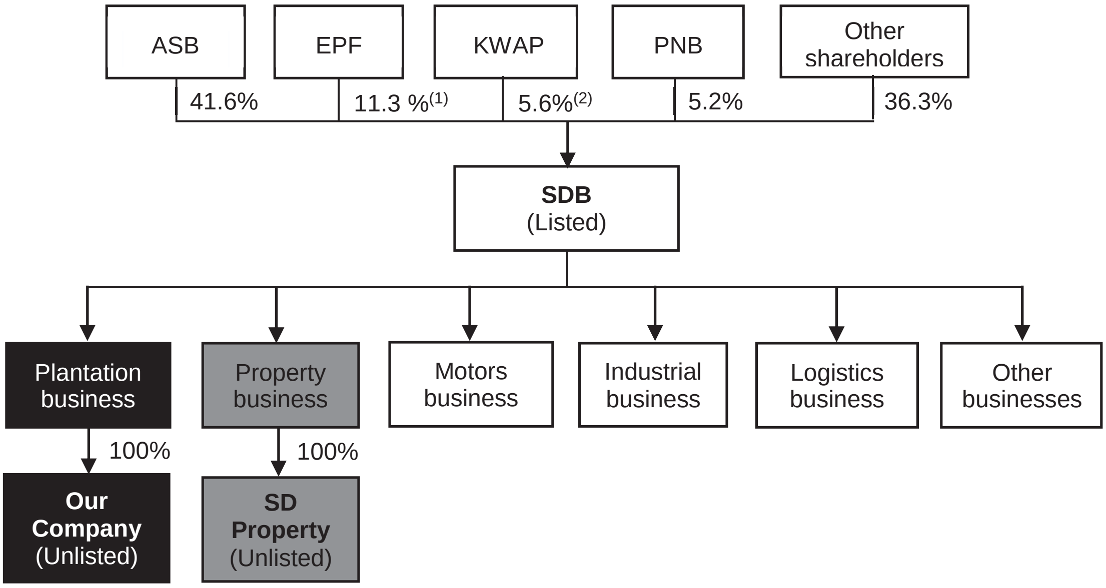
Following the completion of the internal restructuring exercise, we subdivided our Shares to 6,800,839,377 Shares in our Company to facilitate the Distribution of SD Plantation Shares. The Share Split was completed on 14 November 2017.

(iii) Distribution of SD Plantation Shares

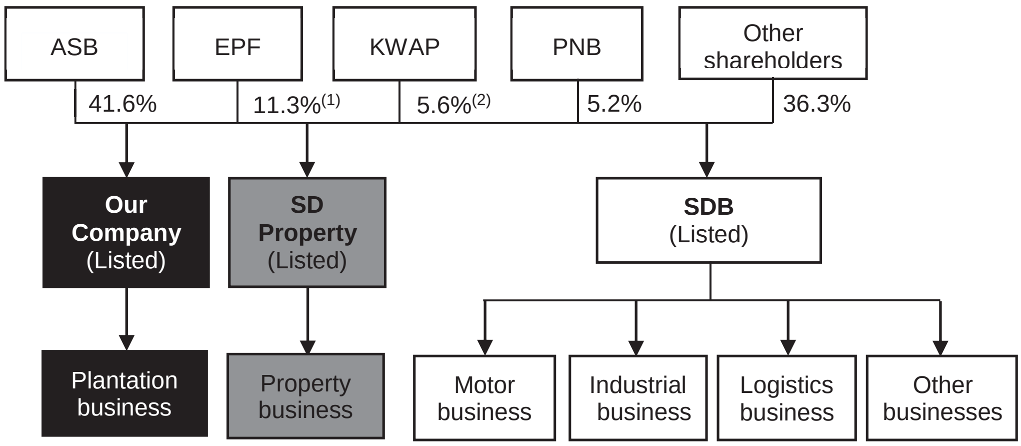
Following the completion of the Share Split, SDB will on 29 November 2017 distribute its entire shareholding in our Company by way of dividend-in-specie to its shareholders whose names appear in the Record of Depositors of SDB as at 5.00 p.m. on the Entitlement Date on the basis of 1 Distribution Share for every 1 existing SDB Share held, free from encumbrances.

Based on the shareholding structure of SDB as at the LPD, the corporate structure of the SDB Group before and after the Pre-Listing Restructuring and our Listing are as follows:

Before the Pre-Listing Restructuring and our Listing



After the Pre-Listing Restructuring and our Listing



Notes:

(1) Comprising 10.0% direct interest and 1.3% indirect interest (managed by/through Citigroup Nominees (Tempatan) Sdn Bhd for EPF).

(2) Comprising 5.2% direct interest and 0.4% indirect interest (managed by KWAP's fund managers).

4.1.2 Relationship between our Group with the SDB Group and the SD Property Group post the Pre-Listing Restructuring

In conjunction with the Pre-Listing Restructuring and since our Group, the SDB Group and the SD Property Group will be separate groups post the Distributions, our Company had also entered into the following agreements to govern certain commercial arrangements or transactions between the parties:

(i) the Land Option Agreements where we have granted call options to SD Property to purchase the legal and beneficial ownership of and title to the Option Lands at any time during the Option Period at a purchase price to be determined by the board of directors of the parties based on valuation to be conducted by an agreed independent valuer ("**Option Price**"), subject to the terms and conditions of the respective agreements, which include the prior approval of shareholders of the party(ies), if required by applicable law or rule of a stock exchange. The agreed independent valuer shall value the Option Lands based on agricultural status with development potential, using the methodology as it may determine. The option is granted for a nominal consideration of RM10.

The other salient terms of each of the Land Option Agreements are as follows:

(a) at any time during the Option Period, SD Property may exercise the call option in respect of the Option Land by sending a notice substantially in the form as prescribed in the Land Option Agreement ("**Option Notice**") to our Company, to require our Company to sell the Option Land;

(b) upon the exercise of the call option, our Company shall become bound to sell, and SD Property shall become bound to purchase, the Option Land at the Option Price;

(c) the Option Land sold or purchased pursuant to the Land Option Agreement shall, as of the completion date, be free from any security interest and any other encumbrance whatsoever;

(d) the Option Notice, once given by SD Property, may not be withdrawn, except with the written consent of our Company;

(e) the completion of the sale and purchase of the Option Land (or part thereof) pursuant to the exercise of the call option shall take place in accordance with the terms of the sale and purchase agreement (subject to such variation as may be mutually agreed) ("**Option SPA**") substantially in the form of a template prescribed in the Land Option Agreement. The purchase consideration under the Option SPA shall be adjusted if there is discrepancy between the results of the survey carried out by the registered surveyor and the area set out in the Option SPA. SD Property shall pay the purchase consideration under the Option SPA as follows:

(aa) 10% of the purchase consideration under the Option SPA upon execution of the Option SPA; and

(bb) 90% of the purchase consideration under the Option SPA, within 3 months from the date all the conditions precedents under the Option SPA have been obtained or deemed accepted by the parties;

(f) subject to paragraph (g) below, the Land Option Agreement shall terminate on the expiry of the Option Period; and

(g) if the Option Notice shall have been served on or prior to the expiry of the Option Period, the Land Option Agreement shall terminate upon the fulfilment of the parties' obligations arising from the Option Notice.

If the acquisition of any of the Option Lands triggers the respective parties' applicable prescribed percentage ratios under Chapter 10 of the Listing Requirements, the relevant party will seek approval of its shareholders for such transaction.

The parties have further agreed that after the acquisition of the abovementioned land, if SD Property intends to lease, rent or grant licences over any part of the land for the purposes of oil palm planting and/or harvesting (and/or any agricultural venture), SD Property shall first offer the same to our Company for tenancy. If our Company exercises our right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement attached in the respective Land Option Agreements, the salient terms of which are as follows:

(a) the term of the tenancy shall be for a period of 3 years and may be renewed by our Company for a further period of 3 years upon the same terms and conditions subject to:

(aa) our Company providing notice in writing of its intention to renew the tenancy at least 6 months prior to the expiry of the term;

(bb) our Company being in compliance with its covenants and/or obligations under the tenancy agreement; and

(cc) SD Property not having any immediate plans to develop the relevant Option Land or any portion thereof;

(b) the monthly rent will be equivalent to:

$$\frac{A \times B}{12^*}$$

where:

A = the preceding month's average MPOB delivered price of CPO per MT for Malaysia; and

B = total planted area in Ha

***Note**:*

* *As the numerator (i.e. A x B) represents the annual rent, the monthly rent is calculated by dividing the annual rent by 12 months.*

(c) any party may terminate the tenancy or our Company may elect to surrender any portion of the tenanted land to SD Property prior to the expiry of the tenancy by giving at least 6 months' notice in writing to the other party.

If SD Property:

(aa) wishes to terminate the tenancy but fails to give any notice within the 6 months' notice period, SD Property shall pay our Company the costs incurred by our Company in connection with the activities conducted by our Company, such as manuring and procurement of fertilisers undertaken within the preceding 12 months ("**Maintenance Costs**") from the date the notice is given by SD Property which shall be computed on such portion of the tenanted land surrendered; or

(bb) serves on our Company a notice which is less than 6 months (but not later from the expiry of the said period) the amount to be paid by SD Property to our Company shall be equivalent to:

$$\begin{array}{c}\text{Maintenance Costs}\\ \text{(computed on such portion of the}\\ \text{tenanted land surrendered)}\end{array} \quad \text{x} \quad \frac{\text{n}}{6}$$

where 'n' is the duration of the insufficient notice served (in months).

If our Company:

(cc) wishes to terminate the tenancy but fails to give any notice within the 6 months' notice period, our Company shall pay SD Property a sum equivalent to 6 months' rent (calculated based on the average preceding 6 months' rent) which shall be computed on such portion of the tenanted land surrendered; or

(dd) serves on SD Property a notice which is less than 6 months (but not later from the expiry of the said period) the amount to be paid by our Company to SD Property shall be equivalent to:

$$\begin{array}{c}\text{Average rent for the preceding 6 months}\\ \text{(computed on such portion of the}\\ \text{tenanted land surrendered)}\end{array} \quad \text{x} \quad \text{m}$$

where 'm' is the duration of the insufficient notice served (in months).

Our Company will work closely with SD Property to assess the likelihood of the call option being exercised. If the call option for any of the Option Land is not expected to be exercised and if the FFB yields on the said land have shown a significant decline, we will undertake replanting actitvities on the said land.

Please refer to Section 15.6(ii) of this Prospectus for details of the Land Option Agreements.

(ii) the Master Services Agreement where we will continue to obtain certain centralised operational support and functional services from SD Global Services Centre for a period of 3 years commencing from the date of our Listing in accordance with the terms and conditions of the Master Services Agreement. Notwithstanding, all decision making of the transaction activities remains with our Group as we have our own dedicated team for all key business functions. The rationale for the continuation of such operational support and functional services is to economise and manage administrative duties and costs more efficiently, which in turn will allow our resources to be deployed towards pursuing our business strategies.

In consideration of the services performed under the Master Services Agreement, our Company shall pay an annual fee to SD Global Services Centre which shall be in accordance with the specific scope of services provided to our Group. The fee is subject to annual review and determined after taking into account, among others, the recoverability of the services cost, cost to maintain the relevant systems and changes to the scope of services.

If the total fees payable to SD Global Services Centre during a financial year pursuant to the Master Services Agreement trigger the respective parties' applicable prescribed threshold under Chapter 10 of the Listing Requirements, the relevant party will seek a mandate from its shareholders for such recurrent related party transactions.

As the Master Services Agreement involves the outsourcing of certain backroom support services, the arrangement will ensure a seamless transition of the transactional activities of our Group under the current arrangement and after our Listing. The review and analytics will continue to be performed by our Company and this arrangement will be reviewed for cost effectiveness and efficiency before the end of its term. Depending on the outcome of the review, we will either:

(a) renew the Master Services Agreement; or

(b) terminate the Master Services Agreement and obtain the services from other third party service providers; or

(c) terminate the Master Services Agreement and perform the services within our Group; or

(d) undertake a combination of items (a), (b) and (c), for example, renewing the Master Services Agreement with a new scope or new terms, to outsource part of the services to other parties and perform some of the services within our Group.

Please refer to item 9 of Section 11.1.1(ii) for details of the Master Services Agreement.

(iii) the Trademark and Brand Licence Agreement where SD Malaysia has granted our Company a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide, solely in the course of or in connection with our business for a period of 5 years commencing from the date of our Listing in accordance with the terms and conditions of the Trademark and Brand Licence Agreement.

Please refer to Section 7.21 of this Prospectus for details of the Trademark and Brand Licence Agreement.

(iv) the Broker Services Agreement where our Company is entitled to procure certain services from SD Lockton Insurance Brokers ("**Broker**") for a term of 3 years commencing from the date of our Listing (with our Company having an option to renew the Broker Services Agreement for a further period that the parties mutually agree), subject to the terms and conditions of the Broker Services Agreement. Such services include:

(a) to recommend and advise our Company on subscription to the appropriate insurance and/or takaful policies for our Group's businesses; and

(b) to act as an intermediary between our Company and the insurance and/or takaful company.

Any fee payable to the Broker will depend on the insurance policies procured by our Group through the Broker.

If the total fees payable by our Company to the Broker during a financial year pursuant to the Broker Services Agreement trigger the respective parties' applicable prescribed threshold under Chapter 10 of the Listing Requirements, the relevant party will seek a mandate from its shareholders for such recurrent related party transactions.

The other salient terms of the Broker Services Agreement are as follows:

(a) whilst our Company, subsidiaries or associates can obtain fee quotes from other insurance brokers and/or other insurance companies, our Company shall give the Broker the opportunity to source for insurance proposal on the same or better terms, or if the Broker has already provided its proposal to us, the opportunity to provide an amended proposal so as to be able to submit proposals that are equivalent to quotes from other insurance brokers and/or other insurance companies. If the Broker is unable to provide equivalent proposals, our Company may at our sole discretion use the services of other brokers and/or other insurance companies; and

(b) the Broker shall facilitate the conduct by our Company, subsidiaries and/or associates or the consultants of the respective companies of a performance review on the Broker with respect to the services provided by the Broker under the Broker Services Agreement on an annual basis or any other interval (being not more than 12 months) to be agreed by both parties.

Our Company has been engaging the Broker as our broker with regards to insurance services for many years. The current arrangement with the Broker is a continuation of such services which allows us to leverage on the Broker's familiarity and understanding of our Group's insurance needs and requirements. The continuation of such services can also minimise potential disruption to the operations within our Group. In any event, this arrangement will be reviewed for cost effectiveness and quality of services provided before the expiry of the Broker Services Agreement.

Please refer to item 13 of Section 11.1.1(ii) of this Prospectus for details of the Broker Services Agreement.

(v) the Donation Agreement where our Company endeavours to make an annual cash donation of RM40 million to the Foundation for a term of 5 years with effect from the date of our Listing (unless extended by mutual agreement of the parties) in accordance with the terms and conditions of the Donation Agreement. All the donations received and all amounts earned by investing such donations, if any, will be used by the Foundation to support and promote activities carried out by the Foundation in the areas of community and health, education, youth and sports, environment, and arts and culture ("**Five Pillars**") to further the charitable intent established by the governing council of the Foundation ("**Agreed Purpose**"). With effect from the date of our Listing, our Company shall apply to be group (corporate) members of the Foundation and shall thereafter be entitled to nominate and appoint one representative to attend all general meetings of the Foundation and to nominate one representative as a director to sit on the governing council of the Foundation, which will enable us to monitor and ensure that the monies donated are utilised by the Foundation for the Agreed Purpose.

The Foundation has been established since the Merger in 2007 with various initiatives implemented under the Five Pillars. It is governed by a governing council which determines the direction and core focus of the Foundation. Our Company's contributions to the Foundation would ensure the continuation of the Foundation's efforts, which is in line with our core objective in ensuring and developing a sustainable future, and may result in a positive impact to our Company's public image.

Further, the Foundation is an approved organisation as provided under Section 44 of the Income Tax Act 1967. Under Section 44(6) of the Income Tax Act 1967, by making donations to such approved organisations, we would be eligible to deduct the donation made from our aggregate income for that year and the deduction is limited to 10% of our chargeable income.

Under the Donation Agreement, the annual cash donation of RM40 million is to be paid by our Company to the Foundation in 2 tranches of RM20 million each, in every year, i.e. on or before every 7th day of January and 7th day of July, such that no accruals will be carried forward to the following period. If our Company fails to make the annual cash donation of RM40 million to the Foundation, the governing council of the Foundation will convene a meeting to deliberate and decide on the actions to be taken, including any modication to the amount or timing of the donation, suspension of the donation by our Company or termination of the Donation Agreement. The decision of the governing council of the Foundation will be final and binding.

4.2 OBJECTIVES OF OUR LISTING

The objectives of our Listing are as follows:

(i) to provide a platform for our Company to better focus on our core activities and competencies in pursuit of more tailored business strategies to achieve our growth;

(ii) to provide a platform for us to accelerate performance improvements and growth through an enhanced governance structure as our Listing will instill organisational focus through more explicit management mandates and accountability;

(iii) to further enhance our Company's profile and visibility via our Listing, as well as to provide a platform for us to further develop our distinct brand equity through our position in the industry where we operate as well as leveraging on the "Sime Darby" brand in pursuit of growth opportunities and widen our market reach;

(iv) to enable us to directly access the equity and debt capital markets for fund raising and to provide us with the financial flexibility to pursue growth opportunities;

(v) to enable the Entitled Shareholders of SDB to directly participate in the equity and growth of our Company via their direct shareholding in our Company; and

(vi) to enable the capital markets and investing community to better ascertain the merits, risk profile and prospects of our Group.

4.3 SHARE CAPITAL

As at the date of this Prospectus, we only have 1 class of shares, being ordinary shares, all of which rank equally in all respects with one another. As at the date of this Prospectus, our share capital stood at RM1,100,000,000 comprising 6,800,839,377 Shares.

Subject to any special rights attached to any Shares which we may issue in the future, our shareholders will be entitled to share in the profits paid out by us in the form of dividends or other distributions according to the amount paid or credited as paid on the Shares held by them. Similarly, if our Company is liquidated, our shareholders will be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each of our shareholders will be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Subject to the Listing Requirements, any resolution set out in the notice of any general meeting of our Company or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting of our Company will be voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative will have 1 vote for each Share held or represented. A proxy may but need not be a member of our Company. On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative will have 1 vote.

4.4 BASIS OF ARRIVING AT THE LISTING REFERENCE PRICE

The Listing Reference Price of RM5.59 per Share was determined by our Board and the Promoter in consultation with the Principal Adviser, after taking into consideration the following:

(i) our Group's adjusted net EPS of 19.48 sen per Share based on the adjusted net profit of our Group of RM1,325 million[(1)] for the FYE 30 June 2017 and our enlarged issued share capital of 6,800,839,377 Shares, representing a price-to-earnings ratio ("**PER**") of about 28.7 times;

(ii) our pro forma consolidated NA per Share as at 30 June 2017 of RM2.00;

(iii) our competitive strengths, as follows:

- (a) we are well-positioned to benefit from strong industry fundamentals and demand growth trends;
- (b) we are the world's largest oil palm plantation company by oil palm planted area with a wide and diverse geographical reach and the world's largest CSPO producer:
  - we have the ability to leverage on volume and economies of scale;
  - we have a wide and diverse geographical reach; and
  - we are recognised for our sustainability credentials and product quality;
- (c) we are innovation and R&D-driven;
- (d) our fully integrated business model allows us to leverage and diversify along the palm oil value chain;
- (e) as a fully-integrated player, we have a sound financial profile which helps to withstand economic downturns and moderate the impact from such volatilities; and
- (f) we have an experienced Board and management team with relevant expertise;

(iv) our growth and competitive strategies which are to be achieved through:

- (a) driving operational excellence in our upstream business;
- (b) serving our customers' evolving needs in our downstream business; and
- (c) maximising returns across the palm oil value chain by leveraging on our integrated business model;

(v) favourable outlook of the palm oil industry with expected higher demand for palm oil from both the food and non-food sectors, boosted by growing global population, increasing food requirements and wide application of palm oil and its demand within the non-food sector, details of which are as described in Section 8 of this Prospectus; and

(vi) prevailing market conditions which include market performances of key global indices, market valuation of comparable companies that are listed on the Plantation Sector of the Main Market of Bursa Securities with market capitalisation exceeding RM8 billion and oil palm planted areas of more than 100,000 Ha in Malaysia (and some in Indonesia), as well as investors' sentiments.

***Note**:*

(1) The table below sets out the adjusted net profit of our Group for the FYE 30 June 2017 after excluding the extraordinary items and taking into consideration the net interest savings and effects arising from the Pre-Listing Restructuring, net of tax assumed at a rate of 24%:

	RM'million	***RM'million***
Profit for the financial year attributable to owners of our Company		*3,507*
Extraordinary items:		
Gain on the MVV Land Sale to KSDB	*(2,469)*	
Impairment charge on Liberia assets	*202*	
Share of impairment charge on the assets of Emery Oleochemicals (M) Sdn Bhd group of companies	*39*	
Net tax credit arising from the tax revaluation of assets	*(69)*	
		(2,297)
Net interest savings arising from the Pre-Listing Restructuring		*147*
Effects arising from the Pre-Listing Restructuring		*(32)*
Adjusted net profit		***1,325***

The Listing Reference Price of RM5.59 per Share represents 62.5% of the closing price of SDB Share on 24 November 2017, being the last day of cum entitlement trading of SDB Shares, of RM8.94 ("**SDB Closing Price**"), which falls within the range of 60% to 68% to be applied to the SDB Closing Price. As set out in the circular to the shareholders of SDB dated 4 November 2017 in relation to, among others, our Listing ("**SDB Circular**"), the percentage allocation range of 60% to 68% was arrived at after taking into consideration the following factors:

(i) trading multiples of selected comparable companies of our Company, including the range of trading multiples of these comparable companies, with the appropriate trading multiple being PER;

(ii) market price of SDB Shares from 25 January 2017, being the last trading day prior to the initial announcement by SDB on our Listing on 26 January 2017, until 15 October 2017, being the latest practicable date prior to the date of the SDB Circular, where the highest closing price of SDB Shares was RM9.62 on 14 June 2017 and the lowest being RM8.70 on 25 January 2017; and

(iii) final single tier dividend of SDB for the FYE 30 June 2017 of RM0.17 per SDB Share which will be paid on 20 December 2017 (i.e. after our Listing).

Based on our Group's adjusted net EPS of 19.48 sen for the FYE 30 June 2017, the implied PER of the Listing Reference Price of RM5.59 per Share is 28.7 times which falls within the range of the trading PER of selected comparable listed companies of between 19.0 times and 38.2 times.

Prior to our Listing, there has been no trading market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.

4.5 EXPECTED MARKET CAPITALISATION

Based on the Listing Reference Price of RM5.59 per Share and our issued share capital of 6,800,839,377 Shares, the total market capitalisation of our Company upon our Listing will be about RM38.0 billion.

4.6 USE OF PROCEEDS

There are no proceeds to be raised from our Listing as there is no offer for subscription or purchase of our Shares.

4.7 DILUTION

There is no dilution of shares in connection with our Listing as there is no issuance of new Shares.

4.8 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to you.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10.00 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate a company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the 3rd Market Day following the transaction date, and payment for the securities is generally settled on the 3rd Market Day following the transaction date.

5. RISK FACTORS

Our businesses are subject to a number of factors, many of which are outside our control. You should carefully consider the risks set out below, along with the other matters in this Prospectus. The risks set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us and/or our Shares.

5.1 RISKS RELATING TO OUR INDUSTRY

5.1.1 Fluctuations in commodity and raw materials prices will affect our performance

Our performance is largely affected by CPO prices which vary on a daily basis and as such, our Group's earnings and profit margin are subject to market vagaries. The exports of our crude and processed palm oil products are largely denominated in USD, and therefore, the prices achieved by our Group for our palm products and our Group's profit margin are also highly susceptible to fluctuations in the exchange rate between the USD and the local currencies where such products are produced.

In addition, the prices of our palm products and our Group's profit margin are fundamentally dependent on the supply and demand conditions in the world's oils and fats market, including the prices of soybean and crude oil. For example, we were affected by the downturn in CPO prices in 2015 which affected our margins. While the average selling price of CPO increased for the FYE 30 June 2016 due to weak production and low inventories affected by the severe El Nino weather phenomenon in 2015, the upside in CPO prices were capped by high soybean supplies in the United States and South America as well as low crude oil prices. This is evidenced by the marginal increase in the average selling price of CPO of 2.2% to RM2,242 per MT for the FYE 30 June 2016. Notwithstanding that, the average selling price of CPO had further increased by another 27.0% to RM2,848 per MT during the FYE 30 June 2017, which had, among others, contributed to the improvement in our operating and profit margin during the said financial year. However, there can be no assurance that CPO prices will not fall again in the future.

Furthermore, fluctuations in the prices and supply of raw materials, which include fertilisers and fuel, may affect our business. The prices and availability of raw materials may be affected by factors such as changes in their global supply and demand, the state of the global economy, inflationary pressure, environmental regulations, tariffs, natural disasters, forest fires, weather conditions and labour unrest.

Any significant fluctuation in the prices and availability of such materials may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects.

5.1.2 Variations in the yield levels of oil palm due to age and other factors can affect our performance

Oil palm yields are primarily influenced by its age profile. FFB can only be commercially harvested from mature oil palm crops and it generally takes 3 years from planting, for an oil palm crop to mature. A typical mature oil palm will remain productive for up to 30 years.

After the oil palm has passed its prime age (being the range of 9 to 18 years), the harvested FFB yield is expected to decrease and such decrease will affect the performance of our plantation estates. Other factors can also affect yield, such as seed quality, estate maintenance and upkeep, pest and diseases, and soil fertility. There can be no assurance that our plantations can achieve the optimal age profile.

5.1.3 Our production and supply of FFB may be adversely affected by weather conditions, natural disasters and other factors

(i) Local and global weather patterns

Weather has a key impact on oil palm yields. Global warming and weather phenomena such as El Nino and La Nina, in particular, have affected the weather in Malaysia, Indonesia, PNG and Liberia for the last decade.

Volatile and unpredictable weather patterns require our management to be meticulous and farsighted in terms of planning for our plantations. Wet weather adversely affects harvesting and crop recovery as plantations become less accessible due to poor road conditions while dry weather affects the yield of oil palm as low rainfall generally equates to lower FFB yields for the next 18 months.

During the FYE 30 June 2015, the Super El Nino phenomenon brought about extreme and prolonged dry weather in most parts of Peninsular Malaysia, Sabah, South Kalimantan and PNG which affected our crop production and our profit margin in the FYE 30 June 2016. However, in the FYE 30 June 2017, we were gradually recovering from the effects of the Super El Nino phenomenon and our FFB production and yield, as well as our profit margin had improved during the said financial year.

The table below sets out our FFB yield per mature Ha for the past 3 financial years:

	FYE 30 June		
	2015	**2016**	**2017**
Malaysia	22.3	20.3	20.8
Indonesia	16.8	15.5	16.0
PNG and the Solomon Islands	8.8[(1)]	21.9	23.9
Liberia	-	1.7	4.0
Overall	**20.4**	**18.8**	**19.4**

Note:

(1) Represents only 4 months of FFB production as we acquired NBPOL in March 2015.

Any poor weather conditions, especially if continued for a prolonged period, could adversely affect our business, financial condition, results of operations and prospects.

(ii) Natural disasters

Natural disasters such as earthquakes, tsunamis, tidal waves or other natural disasters may adversely affect our operations, especially in Indonesia and PNG, which are located in an earthquake zone and are subject to a significant geological risk. There can also be no assurance that future geological occurrences will not significantly impact the economies in the countries where we operate and in turn, materially and adversely affect our business, financial condition, results of operations and prospects.

(iii) Monoculture risk, pests or diseases

Our plantation activities are largely concentrated on the cultivation of a single type of crop, which is oil palm. As such, we are exposed to monoculture risk (i.e. risk related to the cultivation of a single crop in a given area) and our oil palm may be susceptible to attacks by pests or diseases, including diseases caused by infectious organism (also known as plant pathogens). The occurrence of such attacks may critically impair the sustainability of the palm oil industry and may also adversely affect the operations, production and yield of our plantations.

5.1.4 Import tariffs, taxes and other import restrictions imposed by other countries may affect the demand for our products

Import tariffs, taxes and other import restrictions imposed by importing countries can affect the demand for CPO, palm products and rubber, and can encourage the demand for other substitutes. If importing countries ban imports of CPO, palm products and rubber from the countries where we operate, or reduce taxes on substitute products such as soybean oil or synthetic rubber, the competitiveness of imported CPO, palm products and rubber could be adversely affected. This in turn may affect the demand for and the prices of our CPO, palm products and rubber.

5.1.5 We are exposed to changes in consumer trends and significant competition from other companies and products

The edible oil business is highly competitive due to the presence of a large number of local and international producers. Our competitors are constantly developing more advanced production technology and product formulations in order to gain a larger market share and a competitive edge. We need to monitor our competitors (whether palm oil producers or producers of other oils), improve our cost efficiency, improve our product quality and constantly review our production and distribution operations to stay competitive in the industry. In addition, palm oil producers also face strong competition from substitute oils such as soybean oil and rapeseed oil, and certain countries promote farming and consumption of other edible oils, such as soybean oil, through subsidies.

The edible oil business is also characterised by frequent changes in consumer preferences. Our success and profitability will depend on our ability to anticipate and respond to the competitive factors affecting the industry, including the introduction of new products, pricing policies of our competitors, changing consumer preferences and prices of alternative edible oils, and regional and local economic conditions. There can be no assurance that we will be able to respond effectively in a timely manner and be able to retain our customers which may affect our business, financial condition, results of operations and prospects.

5.1.6 An outbreak of infectious or virulent diseases, if uncontrolled, may have an adverse effect on our Group's operations

An outbreak of infectious or virulent diseases, such as severe acute respiratory syndrome, the H1N1 virus, avian influenza (bird flu), the Zika virus or the Ebola virus, if uncontrolled, may have a material adverse effect on the economies of certain countries and our operations. If any of our employees or the employees of our suppliers and/or customers are infected with such diseases or if a signification portion of our workforce refuses to work for fear of contracting an infectious disease, our Group, our suppliers and/or our customers may be required to shut down operations for a period of time. For example, an epidemic of the Ebola virus disease occurred in Liberia from March 2014 to June 2016, and was one of the most widespread outbreak of the Ebola virus disease in recent history. The outbreak caused major loss of life and socioeconomic disruption in the West African region, mainly in Liberia, Guinea and Sierra Leone. Our operations in Liberia were also badly affected during the outbreak, and this is further described in Section 7.5.1.4 of this Prospectus.

5.2 RISKS RELATING TO OUR BUSINESS

5.2.1 Any prolonged or significant disruption to our plantation and production facilities may affect our operations and financial results

We face a number of operational risks at the plantations, mills, refineries and other processing facilities. Major disruptions in the supply of utilities such as water or electricity or other operational difficulties at these sites could reduce the amount or quality of products that we are able to produce. Also, our plantation and production facilities are subject to a number of risks, such as extreme weather conditions, fires, explosions, natural disasters, third-party interference, war or terrorism, communal unrest and mechanical failures of equipment. These hazards could also result in environmental pollution, personal injuries or wrongful death claims and other damages to properties.

Our plantation and production facilities may require unscheduled downtime or unanticipated maintenance, which could reduce our revenues and increase our costs during the affected period. Outages or extended downtime at our processing facilities could cause our inability to continue our production, whether prolonged or within a short period, which could lead to a loss of product or diminished product quality.

Any prolonged and/or significant disruption to our plantation and production facilities will adversely affect our business, financial condition, results of operations and prospects.

5.2.2 We are dependent on the availability of adequate manpower

Our plantation business is labour-intensive by nature. Oil palm plantations require extensive manpower in the nurturing of seedlings, palm planting, manuring, harvesting and other routine maintenance work to achieve optimal yields. The palm oil industry in Malaysia has been facing difficulty in recruiting Malaysian workers and has resorted to employing foreign workers. As such, the majority (about 75% as at the LPD) of our estate workers in our Malaysian oil palm plantations and mills are foreign workers. We adhere strictly to a policy of employing only legal workers and those above the age of 18 years.

Currently, we obtain 18-month work permits for all of our foreign workers, which may be renewed on a yearly basis (for a maximum period of 10 years). In order to obtain the necessary documents, including medical documents, for foreign workers to work in Malaysia, applications for the same must be made to the Ministry of Home Affairs, Malaysia and simultaneously, to the relevant embassies of the source countries of the foreign workers in Malaysia. Such source countries include Indonesia, India, Nepal, Bangladesh and Cambodia. If the policies on granting such necessary documents were to change in Malaysia and/or the respective source countries, and if such changes result in a more difficult process, it may be more challenging for us to maintain a sufficient workforce.

Further, changes in immigration and labour policies by the Malaysian government in respect of foreign workers may affect the availability of workforce for our Malaysian operations, and in turn may affect the performance of our Group. Aside from worker shortages, the cost of recruiting foreign workers may also increase over time, which may in turn escalate our overall production cost. This was the case when the foreign worker levy in Malaysia for the plantation and agriculture sector was increased by RM50 per worker to RM640 per worker on 18 March 2016.

5.2.3 We may not be able to acquire new plantation land, maintain ownership of our existing lands and renew our leased lands

(i) Acquisition of new plantation land

We compete with other plantation companies in securing suitable plantation land to carry out our expansion plans. Increasingly, more plantation companies are moving across the value chain towards becoming integrated palm oil businesses. In addition, non-traditional players, including private equity firms, are looking to enter the palm oil industry.

As we are committed to environmental conservation and due to our membership with the RSPO, any future acquisitions of suitable plantation land will take into consideration social and environmental impact in accordance with our sustainability commitment. Given these limitations, there can be no assurance that we will be able to source suitable land for expansion of our landbank in the future.

(ii) Maintain ownership of our existing lands

We have and may, in the future, experienced land disputes. Such land disputes may arise over land ownership (for example, native customary right claims) or overlapping land usage (whereby an area of land that has been allocated by the government authorities to a party for a specific purpose (e.g. plantation) overlaps other areas that have also been allocated by other government authorities to other parties for other purposes (e.g. mining or oil and gas) or reserved by the government for a specific purpose only (e.g. forestry)). Our subsidiary, PT SHE, is involved in a legal proceeding regarding the land overlapping issue. Please refer to Section 15.5(ii) of this Prospectus for details of the said legal proceeding.

Further, our land sites may be compulsorily acquired by the respective governments of the countries where they are located, for, among others, public use or due to public interest. In the event such land sites are compulsorily acquired and the NBV of the land sites to be compulsorily acquired are greater than the compensation paid in respect of the acquired lands, our business, financial condition, results of operations and prospects may be adversely affected.

In addition, some of the land titles of our plantation estates carry express conditions that the lands are to be used for, among others, cultivation of rubber, coconut, coffee and sugarcane. We have made, or will be making, the necessary applications to the relevant land authorities to vary the category of land use and/or express conditions imposed on the relevant land titles of our plantation estates to agriculture and/or cultivation of oil palm. Under the National Land Code of Malaysia, if a condition to which a land is subject to is not complied with, the land may become liable to forfeiture to the state authority.

(iii) Renew our leased lands

Most of our plantation lands are owned by our Group, save for some of our plantation lands in Sabah, Sarawak, Indonesia, PNG and the Solomon Islands, which are leased from the respective land authorities and/or owners and we need to renew such leases prior to their expiration. There can be no assurance that we will be able to renew such leases in the future due to reasons beyond our control.

5.2.4 Our performance is affected by adverse movements in foreign exchange

Our functional reporting currency is RM. As the selling prices of CPO and other palm products are derived from global commodity prices and are quoted in USD, foreign exchange rate fluctuations may affect our earnings.

We also have foreign currency-denominated assets and liabilities which are subject to translation risks as our financial performance are reported in RM. A weakening of the RM against foreign currencies may increase our operating expenses denominated in or tied to the value of foreign currencies such as costs of imported fuel, and would increase the cost of our foreign currency capital expenditures, which include expenditures for equipment, machinery and raw materials. In addition, a weakening of the RM against foreign currencies will increase our interest expenses on foreign currency-denominated indebtedness, as well as increase our principal repayments on outstanding foreign currency loans.

Our Group recognised net foreign exchange gains of RM102 million in the FYE 30 June 2016 and RM32 million in the FYE 30 June 2017.

5.2.5 We may not be able to obtain, maintain or renew statutory and regulatory approvals, licences, permits and certificates required for our business due to reasons beyond our control

We require various approvals, licences, permits and certificates to operate our business and facilities. We may be required to obtain new or renew these approvals, licences, permits and certificates. Please refer to Annexure B of this Prospectus for further details of our major licences, permits and approvals.

Failure by us to renew, maintain or obtain the required approvals, licences, permits and certificates due to reasons beyond our control may interrupt our operations, delay or prevent the implementation of any capacity expansion or new projects and may have a material adverse effect on our business, financial condition, results of operations and prospects.

5.2.6 We may be affected by adverse events/developments or negative publicity relating to the "Sime Darby" brand

Our Group is associated with the "Sime Darby" brand name which is owned by SD Malaysia, a wholly-owned subsidiary of SDB. SD Malaysia is the registered owner of the "Sime" and/or "Sime Darby" marks in Malaysia and other countries where we operate. We have been granted a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide (collectively "**Trademarks**"), solely in the course of or in connection with our business, pursuant to the Trademark and Brand Licence Agreement. Please refer to Section 7.21 of this Prospectus for further details of the Trademark and Brand Licence Agreement.

We recognise the importance of a good and established brand and reputation to attract and retain customers, business partners, employees, and investors and accordingly, we intend to continue using the Trademarks in our estates, mills, sales and marketing of our products and in undertaking our business activities.

Although our Group is granted with the licence to use the Trademarks, there can be no assurance that our rights in those marks will not be infringed upon by any third party in Malaysia, Indonesia, PNG or in such other places where we operate. Depending on our ability and/or the ability of SD Malaysia to discover any such infringement and successfully enforce our legal rights in the jurisdictions where such infringements may occur, any misuse, degradation, adverse market developments and/or negative publicity relating to the Trademarks and brand name may adversely affect our business, financial condition, results of operations and prospects.

Further, as the Trademark and Brand Licence Agreement does not give us exclusive use over the Trademarks, we have no control over the use of the Trademarks by SD Malaysia or any third party licensees which SD Malaysia may grant rights to use the Trademarks. Our business, financial condition, results of operations and prospects may be adversely affected if the Trademarks suffer negative reputation or other harm as a result of the actions or inactions of SD Malaysia and/or its licensees.

In addition, our rights to use these marks subsist for the duration of the Trademark and Brand Licence Agreement. Our rights to use the Trademarks may be terminated by SD Malaysia in the event of the occurrence of such circumstances as described in Section 7.21 of this Prospectus. This may adversely affect our business, financial condition, results of operations and prospects.

5.2.7 We may suffer uninsured losses or losses in excess of insured limits

We maintain insurance policies in line with general business practices where practicable, with adequate policy specifications and insured limits. Our insurance policies cover risks such as fire, flood, riot, strike, malicious damage and public liability to protect against property damage, business interruption and general liability in countries we operate. There are, however, certain types of losses arising from wars, acts of terrorism or acts of God that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits or a failure of insurers to fulfil their obligation for the sum insured occur, we could be required to pay compensation and/or lose the capital we invested in the property, as well as anticipated future revenue from that property. Any such loss could adversely affect our business, financial condition and results of operations. There can be no assurance that material losses will not occur in the future that exceed the compensation received or that adequate insurance coverage will be available in the future on commercially reasonable terms or rates.

5.2.8 We are subject to the laws, regulations, policies, and the political and social environment of the countries where we operate

As we are subject to the laws, regulations, policies, and the political and social environment of the countries where we operate, we are exposed to the risk of enforcement actions and investigations due to non-compliance with such relevant laws, regulations and policies. Such laws, regulations and policies include those relating to:

(i) foreign investment and administration;
(ii) production safety, health and supervision;
(iii) environmental protection;
(iv) direct and indirect taxes;
(v) subsidies;
(vi) international trade flows;
(vii) exchange controls and controls on the transfer of funds;
(viii) restrictions on imports and exports (including trade sanctions);
(ix) restrictions on asset and land ownership and use (including expropriation and nationalisation of private enterprises or confiscation of assets);
(x) constraints on price increases for certain of our products;
(xi) restrictions on participation of the private sector in commodities markets;
(xii) intellectual property protection;
(xiii) labour protection;
(xiv) human rights compliance;
(xv) anti-competition laws;
(xvi) anti-corruption laws;
(xvii) anti-money laundering laws; and
(xviii) privacy and data protection.

In addition, we are subject to the risk that regulatory authorities may, from time to time, impose additional standards and requirements, which could be more stringent or onerous than those which currently apply to us.

Some of the countries where we operate, and may in the future operate, have relatively less developed legal systems and business practices, which may subject us to legal and regulatory uncertainty, including difficulties in complying with laws and regulations in order to establish, maintain and expand our operations in such countries. We may be subject to legal, regulatory, political and policy changes which we may not be able to anticipate, including disputes with local communities over land-related issues, that could adversely affect our business and prospects. In addition, we may experience difficulties in enforcing our rights and agreements in those countries, including those that are relating to the protection and enforcement of our intellectual property rights.

As an RSPO member, despite it being a voluntary initiative, we are subject to the grievance process implemented by RSPO to address any complaints lodged against us for environmental and social breaches. Any such complaints made against us may have negative effects on our reputation and may cause us to be subject to further penalties if the RSPO grievance panel concurs with the allegations made against us.

For example, certain NGOs have made allegations that certain oil palm plantations in Indonesia were engaged in illegal environmental activities such as illegal deforestation and development of plantations without approved environmental impact assessments and more recently, in illegitimate social activities such as human rights abuse and that displacement of indigenous communities have been carried out on certain oil palm plantations in Indonesia. Due to such allegations, RSPO members or our customers may decide not to purchase our sustainable certified palm products either because of their internal policies or because of pressure from these NGOs, which may adversely affect our reputation, business, financial condition, results of operations and prospects.

There may also be continued pressure for plantation businesses to adopt more stringent sustainability practices. Such practices include environment-friendly and socially responsible operations and sustainable sourcing.

5.2.9 Legal disputes or proceedings could expose us to liability and negatively impact our reputation

We may, at times, be involved in potential legal disputes or proceedings that could have a material and adverse effect on our reputation, business, financial condition, results of operations and prospects. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular dispute or legal proceeding will not have a material adverse effect on our future cash flow, results of operations or financial condition. We may incur substantial legal expenses due to any litigation or legal proceedings. We are currently involved in a number of legal disputes and proceedings, and the details of our material litigation are set out in Section 15.5 of this Prospectus.

5.2.10 United Kingdom's exit from the European Union in the future may have a negative effect on global economic conditions, financial markets and our business

The result of the United Kingdom's national referendum on 23 June 2016, where a majority of voters in the United Kingdom voted for the United Kingdom to withdraw from the European Union and the triggering of Article 50 of the Treaty on the European Union on 29 March 2017 for the United Kingdom to exit the European Union by April 2019, have created significant uncertainty about the future relationship between the United Kingdom and the European Union, including laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. Until the terms of leaving and future relationship of the United Kingdom and European Union are concluded, it is not possible to determine the full impact of those terms on the economy in the United Kingdom. This may have a material adverse effect on global economic conditions and the stability of global financial markets and may also significantly reduce global liquidity.

This includes the food industry in the United Kingdom which may also be adversely affected. Major customers of our Liverpool refinery, which includes international food manufacturers, may decide to relocate some of their operations to other European Union member countries, or decide not to scale up their operations. There may also be further difficulties for our refinery in Liverpool to obtain labour supply as there may no longer be free movement of people which is currently enjoyed by the members of the European Union. These may adversely affect our business operations at our Liverpool refinery, as well as our financial condition, results of operations and prospects.

Further, NBPOL currently enjoys a tax benefit for exports of palm products from PNG to the European Union under the Cotonou Agreement (which is a treaty between the European Union and the African, Carribbean and Pacific Group of States). The Cotonou Agreement provides tax benefits (ranging from 3.8% to 10.9%) for CPO and/or other palm related products that are exported to the European Union countries. With the United Kingdom exiting the European Union, there is a risk that this tax benefit may be lost which will directly and adversely affect the profitability of NBPOL. Any renegotiation of the agreement between the United Kingdom and PNG governments may take time or may not occur at all.

5.3. RISKS RELATING TO THE COUNTRIES WHERE WE OPERATE

5.3.1 Additional risks relating to our operations in Indonesia

5.3.1.1 We may not be able to continue to use, renew or expand some of our land rights in Indonesia

The Regulation of the Minister of Agriculture of the Republic of Indonesia ("**Indonesian Agriculture Minister**") No. 98/Permentan/OT.140/9/2013, as partially amended by the Indonesian Agriculture Minister Regulation No. 29/Permentan/KB.410/5/2016 and the Indonesian Agriculture Minister Regulation No. 21/Permentan/KB.410/6/2017 ("**Regulation 98/2013**"), which regulates plantation business licences, stipulates that the maximum land area for each oil palm plantation company or oil palm plantation business group in Indonesia is limited to 100,000 Ha (except in the provinces of Papua and West Papua, where the maximum threshold is 200,000 Ha). However, unlike Regulation 5/2015 (as defined below), Regulation 98/2013 does not place any limitation on land ownership in provincial areas by an oil palm plantation company or oil palm plantation business group.

The Regulation of the State Minister for Agrarian Affairs/the Head of Land National Agency of the Republic of Indonesia ("**Indonesian Land Minister**") No. 5 of 2015 ("**Regulation 5/2015**"), which regulates location permits, provides that a company or a group of companies engaging in the oil palm plantation business in Indonesia may only acquire up to 20,000 Ha of land in one province or 100,000 Ha of land in Indonesia (except in the provinces of Papua and West Papua, where the maximum area in each province can be doubled, as well as for sugarcane plantations, where higher limits are allowed under the said regulation).

Given the above, there is an inconsistency in the maximum area at the provincial level in the provisions of Regulation 98/2013 and Regulation 5/2015 in relation to the attainment of a plantation business licence (which falls under the auspices of the Indonesian Agriculture Minister) and the attainment of the land rights (which falls under the auspices of the Indonesian Land Minister). Land rights for plantation are obtained in 4 stages, namely the Ijin Lokasi, Kadastral, Panitia B and Hak Guna Usaha. Ijin Lokasi, Kadastral and Panitia B are intermediate land rights certification process stages by the Indonesian government before the issuance of the Hak Guna Usaha certificates as the land ownership document evidencing the full rights over the use of the lands.

Regulation 98/2013 and Regulation 5/2015 do not stipulate a specific penalty or sanction for breach of the same, but Regulation 5/2015 stipulates that Ijin Lokasi already granted prior to the issuance of Regulation 5/2015 will still be valid until its expiry date and land which are already relinquished but yet to be registered under Hak Guna Usaha title prior to the issuance of Regulation 5/2015 will need to be registered.

As at the LPD, we have been granted Hak Guna Usaha certificates for about 214,134.02 Ha of our plantations by the Indonesian government for a maximum term of 35 years and this can be extended and renewed for up to another 25 years. As at the LPD, we are also processing Hak Guna Usaha certificates for about 18,029.33 Ha of our plantations. These land rights expire between December 2022 and August 2052, with most of our land rights expiring after 2030.

If we fail to obtain the Hak Guna Usaha or extend or renew our existing Hak Guna Usaha, we may not be able to use these lands as expected. Failure to obtain or renew Hak Guna Usaha over a substantial part of our Indonesia landbank may adversely affect our business, financial condition and results of operations.

5.3.1.2 We may be adversely affected by third parties' actions in open burning for land clearing

We adopt a strict zero-burning policy for land clearing. However, in areas where there are communities and/or smallholders occupying parts of our concession area, which they have planted cash crops as well as oil palm, we have no control over their actions on open burning in these areas.

In some cases, fires occurring on peat soil or mineral soil may spread to our operations. Peat fire can travel undetected underground while on mineral soil, winds can blow sparks into our planted area.

There is also a possibility that other third parties may conduct open burning in order to carry out land clearing activities near our plantation areas or commit arson that cause fires to occur in our plantations, resulting in damage to our crops or land. This may also lead to legal proceedings against us in respect of fires occurring in our plantations, which may affect our reputation and disrupt our operations, which in turn may affect our business, financial condition and results of operations.

5.3.1.3 The results of our operations in Indonesia are affected by Indonesian export taxes

Our operations and financial results have been, and will continue to be, affected by policies, laws and regulations of the Indonesian government governing the export of our products. In 1998, the Indonesian government imposed an export ban on CPO, RBD olein, PKO and certain other palm oil-based products. The Indonesian government has gradually uplifted the said restrictions and lowered the export taxes on CPO and RBD olein but continues to regulate the exports of CPO and related palm oil products through the use of export taxes. Certain palm products are subject to export tax in accordance with the Regulation of the Minister of Trade of the Republic of Indonesia No.35/M-DAG/PER/5/2017 dated 29 May 2017. Based on PMK No.140/PMK.010/2016 dated 20 September 2016 and the Minister of Finance of the Republic of Indonesia Regulation No.13/PMK.010/2017 dated 9 February 2017, export tax could increase to USD245 per MT for certain palm products. The export rate for palm products in Indonesia is tiered, and would only apply when the CPO reference price is above USD750 per MT.

In addition to the export tax regime, the Indonesian government may impose certain domestic market obligations where our Indonesian subsidiaries may be required to sell a portion of their products in the domestic market.

Government export taxes increase the costs of our products in the export markets while tariffs and government import policies affect the cost of raw materials of the local markets where we source raw materials from. In addition, higher export tax rates and export restrictions discourage Indonesian oil palm companies from exporting their products, resulting in increased domestic supply and lower domestic prices for such products.

Accordingly, our export sales and the prices of our products in the Indonesian market will be adversely affected if the Indonesian government:

(i) increases the export tax;

(ii) reinstates the export restrictions that have been previously uplifted, or otherwise limits, restricts or prohibits the export of crude and other palm oil-based products; or

(iii) forces us to agree to a voluntary quota.

5.3.2 Additional risk relating to our operations in PNG

5.3.2.1 The proposed changes in PNG laws relating to ownership of land and the range of business activities of which only PNG citizens may engage in may affect our ownership of land and our ability to continue operating in PNG

Prior to and since PNG's independence, there have been various calls for nationalisation of land owned by non-citizens. On independence, these sentiments were, in part, reflected in PNG's constitution which provides that only citizens can hold freehold title to land. As a result, all of our land in PNG are held either under long-term state leases or sub-leases.

In the early years after PNG's independence, some plantations were compulsorily acquired by PNG government but in each instance, the PNG government paid former landowners compensation. However, for the past 30 years, there are few, if any, examples of nationalisation of land by the said compulsory process. Further, these nationalisation sentiments have rarely resulted in legislative change.

Based on the Government Taskforce's recommendations relating to the development of land in PNG in 2006, the Department of Lands and Physical Planning ("**DLPP**") has from time to time developed draft legislation to implement the Government Taskforce's recommendations. One of the draft legislations was a Bill for the Land (Amendment) Act 2013 ("**Proposed Bill**") to amend the Land Act 1996. Among others, the Proposed Bill proposes the following changes:

(i) PNG incorporated companies, which are wholly or partially owned by a foreign national or entity and hence a non-citizen, will not be granted state leases under the Land Act 1996;

(ii) a state lease currently held by a non-citizen is not renewable;

(iii) at the end of 30 years from the date of commencement of the Proposed Bill, all existing state leases held by non-citizens will be extinguished;

(iv) all provisions relating to the current 'lease-back' arrangements and subsequent grant of Special Agricultural and Business Leases provisions will be repealed; and

(v) no provisions are included as to the entitlement of holders of the state leases to compensation.

At that time of its initial release, the PNG government did not table the Proposed Bill to the Parliament or adopt it as policy. However, in 2016, the DLPP advertised workshops for public consultation of the Proposed Bill. While this has yet to lead to the adoption of the Proposed Bill by the PNG government as its policy or tabling of the Proposed Bill to the Parliament, there can be no assurance that the existing or any new PNG government will not do so in the future.

In March 2016, the PNG government released its Small and Medium Enterprise Policy ("**SME Policy**") with the objective of supporting the SME sector in order to create new employment opportunities, achieve sustainable economic growth outside the resources sector and achieve a fair and equitable distribution of wealth through majority citizen ownership of business activity. Under the Reserved Activity List in the SME Policy, growing of tree crops (such as coffee, cocoa, copra, vanilla, tea and oil palm) and their processes are listed as activities reserved for 100% local ownership. For the SME Policy to be implemented, there will need to be legislative change. There has not been any firm proposals issued as to what legislative changes will be made.

If the Proposed Bill is adopted by the PNG government and enacted, or if the SME Policy is implemented through legislation, there could be a major and significant impact on our ownership of land and our business operations in PNG.

5.3.3 Additional risks relating to our operations in Liberia

5.3.3.1 The delays in land development and social/community matters increase the operational costs of our operations in Liberia

As at the LPD, our total planted area in Liberia is 10,508 Ha. There have been delays in our land development efforts in Liberia due to various factors, including a voluntary moratorium to halt new oil palm development in September 2014 until the study to identify HCS forests and how best to accommodate the rights and development needs of impoverished communities is completed, as well as the temporary cessation of our operations during the West Africa Ebola virus disease epidemic, which hit Liberia between March 2014 and June 2016. The said moratorium was in compliance with undertakings given as part of the Sustainable Palm Oil Manifesto ("**SPOM**"), of which we are a signatory.

As a result of these delays, we incurred about USD1.6 million (equivalent to around RM7 million) on relocation costs of our expatriate management in Liberia to Ghana, rehabilitation of our plantation, as well as undertaking awareness and preventative measures. In addition, there may also be other social obligations contributing to the increase in our operational cost in Liberia, such as the building of schools, houses, clinics and other basic amenities for the local communities.

5.3.3.2 Non-compliance with the concession agreement between the Republic of Liberia and SD Plantation (Liberia)

In 2009, our wholly-owned subsidiary, SD Plantation (Liberia) signed a 63-year concession agreement with the Liberian government to develop 220,000 Ha of land into oil palm and rubber plantations. We are subject to the terms and conditions of the said concession agreement, and are exposed to the risk of, among others, the indemnification and holding the Liberian government harmless from all claims and liabilities to third parties and all damages and losses suffered by the Liberian government as a result of any breach of the said concession agreement by SD Plantation (Liberia), as well as any failure of SD Plantation (Liberia) to honour any commitment or undertaking expressed in the said concession agreement. This may adversely affect our business, financial condition, results of operations and prospects.

5.4 RISKS RELATING TO OUR SHARES AND OUR LISTING

5.4.1 Our Listing may not result in an active liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the price at which holders would be able to sell our Shares. Neither our Company nor the Promoter has an obligation to make a market for our Shares or if such market does develop, to sustain it.

In addition, there can be no assurance that the trading price of our Shares will reflect our operations and financial conditions, our growth prospects or the growth prospects of the industry in which we operate.

5.4.2 The trading price and trading volume of our Shares may be volatile

The trading price and trading volume of our Shares may be volatile and could be affected by numerous factors, including the following:

(i) general market, political and economic conditions;

(ii) trading liquidity of our Shares;

(iii) differences in our actual financial and operating results and those expected by investors and analysts;

(iv) changes in earnings estimates and recommendations by financial analysts;

(v) changes in market valuations of listed shares in general or shares of companies comparable to ours;

(vi) perceived growth prospects of our business and the industry in which we operate;

(vii) changes in government policy, legislation or regulation;

(viii) general operational and business risks; and/or

(ix) sale or possible sale of a substantial number of our Shares in the public market.

In addition, many of the risks described elsewhere in this Prospectus could have a material adverse effect on the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Listing Reference Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that have affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that are often unrelated to the operating performance of these companies, including fluctuations as a result of developments in other emerging markets. There can be no assurance that the trading price and trading volume of our Shares will not be subject to the same fluctuations.

5.4.3 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

(i) the revocation of approvals from the relevant authorities for our Admission and/or Listing for whatever reason; or

(ii) the occurrence of certain events or circumstance beyond our control (including any legal suit filed by any party).

If our Listing is aborted, you may end up holding our unlisted Shares.

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6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES

6.1 OUR COMPANY

6.1.1 Background and history

Our Company was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 2 April 2004 under the name of Sime Plantations Sdn Bhd and is deemed registered under the Act. Our Company changed its name to Sime Darby Plantation Sdn Bhd on 2 January 2008 and was subsequently converted into a public limited company on 20 July 2017 under our present name.

Following the merger of the Kumpulan Sime Darby Berhad group, Kumpulan Guthrie Berhad group and Golden Hope Plantations Berhad group in 2007, the plantation businesses within each of those groups were consolidated under our Company. The Merger was effected through the acquisition of the entire businesses and undertakings ("**Acquisitions**") of 8 public listed companies, namely Kumpulan Sime Darby Berhad, Sime UEP Properties Berhad, Sime Engineering Services Berhad, Golden Hope Plantations Berhad, Mentakab Rubber Company (Malaya) Berhad, Kumpulan Guthrie Berhad, Guthrie Ropel Berhad and Highlands & Lowlands Berhad (collectively "**Participating Companies**") by SDB which was formed as a special purpose vehicle to undertake the Merger.

The Acquisitions by SDB were undertaken together with a capital reduction and repayment exercise by each Participating Company to distribute the purchase consideration for the Acquisitions in the form of redeemable convertible preference shares which entitled the holders to elect to receive either cash or ordinary shares in SDB. Following the capital reduction and repayment exercises, each Participating Company issued shares to SDB and became wholly-owned subsidiaries of SDB.

The entire businesses and undertakings of the Participating Companies were transferred to and vested in SDB or nominated intermediate holding companies on 27 November 2007 by way of a scheme of reconstruction and amalgamation under Sections 176 and 178 of the Companies Act 1965. Pursuant to the scheme, similar businesses held by the Participating Companies were integrated under separate intermediate holding companies, creating separate business divisions within the enlarged SDB Group.

SDB was listed on the Main Board of Bursa Securities on 30 November 2007.

Our Company is principally involved in the production, processing, refining and sales of palm oil and PKO, manufacturing and marketing of specialty fats, edible oils, rubber, other palm oil and rubber related products as well as investment holding. Please refer to Section 6.3 of this Prospectus for details of the principal activities of our subsidiaries, associates and joint ventures.

6.1.2 Share capital

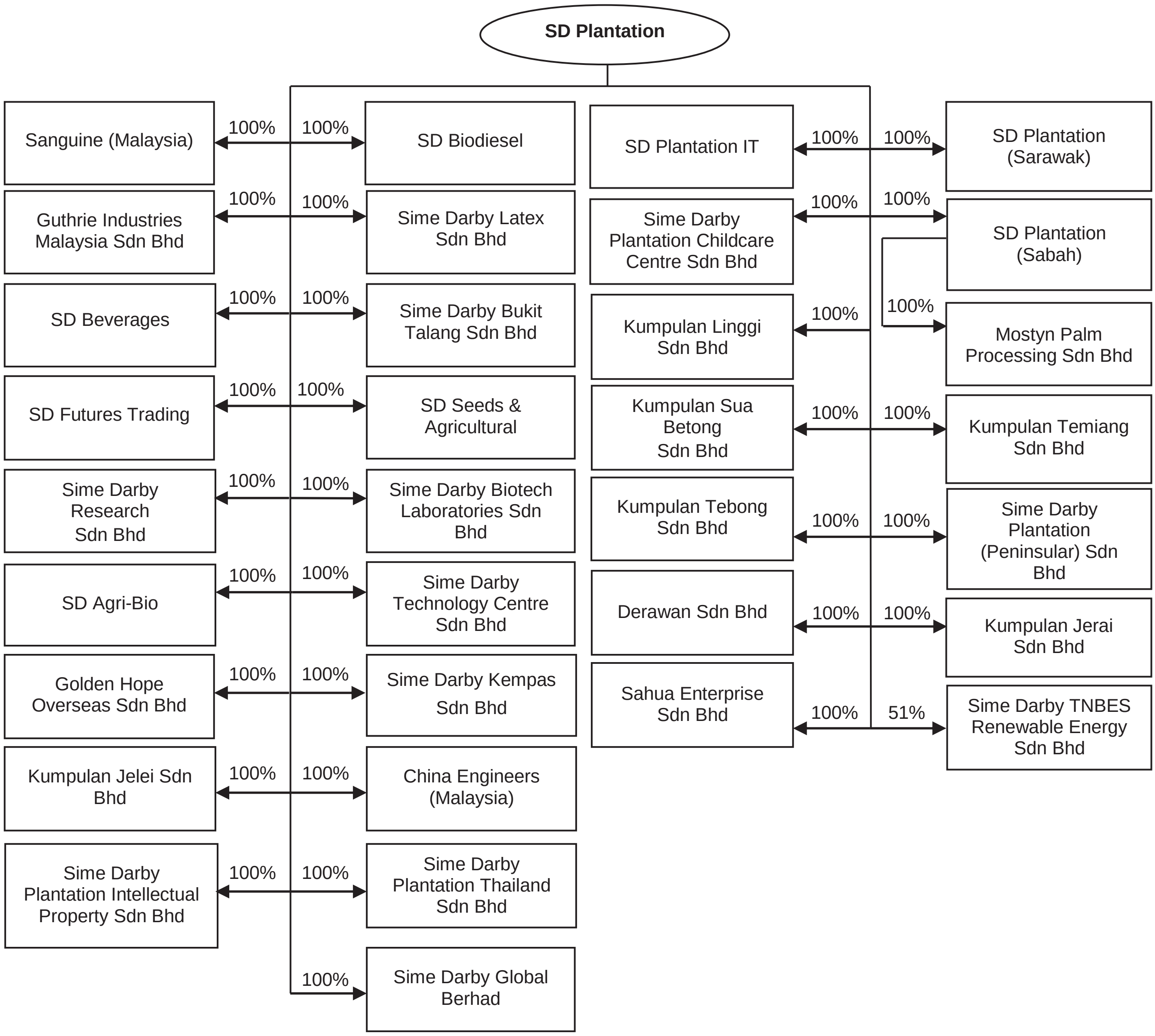
As at the date of this Prospectus, our issued share capital is RM1,100,000,000 comprising 6,800,839,377 Shares.

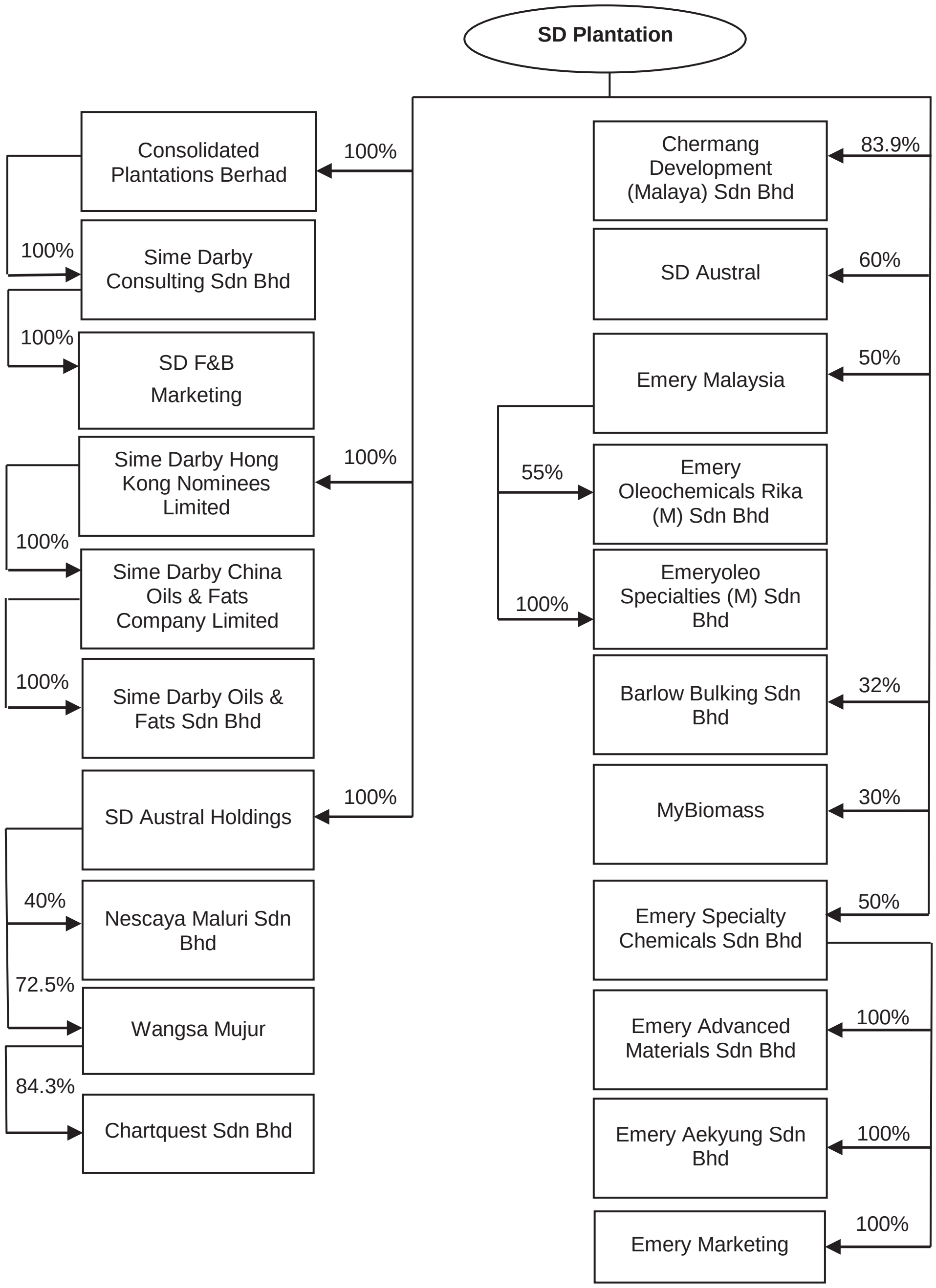
Save for the issuance of new Shares to SDB for a consideration of RM500 million (as part of the settlement of the net inter-company non-trade related amount owing by our Group to the SDB Group), and thereafter the subdivision of our Shares into 6,800,839,377 Shares, on 13 November 2017 and 14 November 2017 respectively, there is no change in our issued share capital for the past 3 years preceding the date of this Prospectus.

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

6.2 GROUP STRUCTURE

Our group structure as at the date of this Prospectus is set out below:




SD Plantation
Consolidated Plantations Berhad
100%
100%
Sime Darby Consulting Sdn Bhd
100%
SD F&B Marketing
Sime Darby Hong Kong Nominees Limited
100%
100%
Sime Darby China Oils & Fats Company Limited
100%
Sime Darby Oils & Fats Sdn Bhd
SD Austral Holdings
100%
40%
Nescaya Maluri Sdn Bhd
72.5%
Wangsa Mujur
84.3%
Chartquest Sdn Bhd
Chermang Development (Malaya) Sdn Bhd
83.9%
SD Austral
60%
Emery Malaysia
50%
55%
Emery Oleochemicals Rika (M) Sdn Bhd
100%
Emeryoleo Specialties (M) Sdn Bhd
Barlow Bulking Sdn Bhd
32%
MyBiomass
30%
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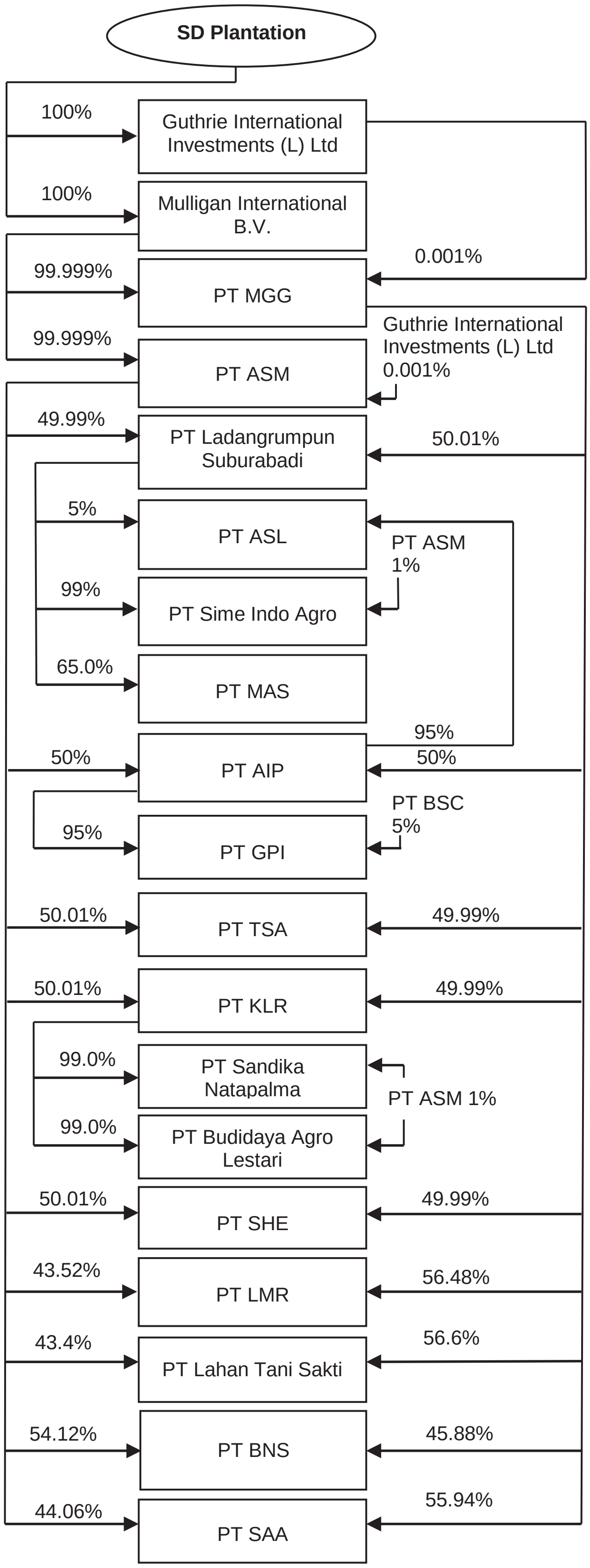
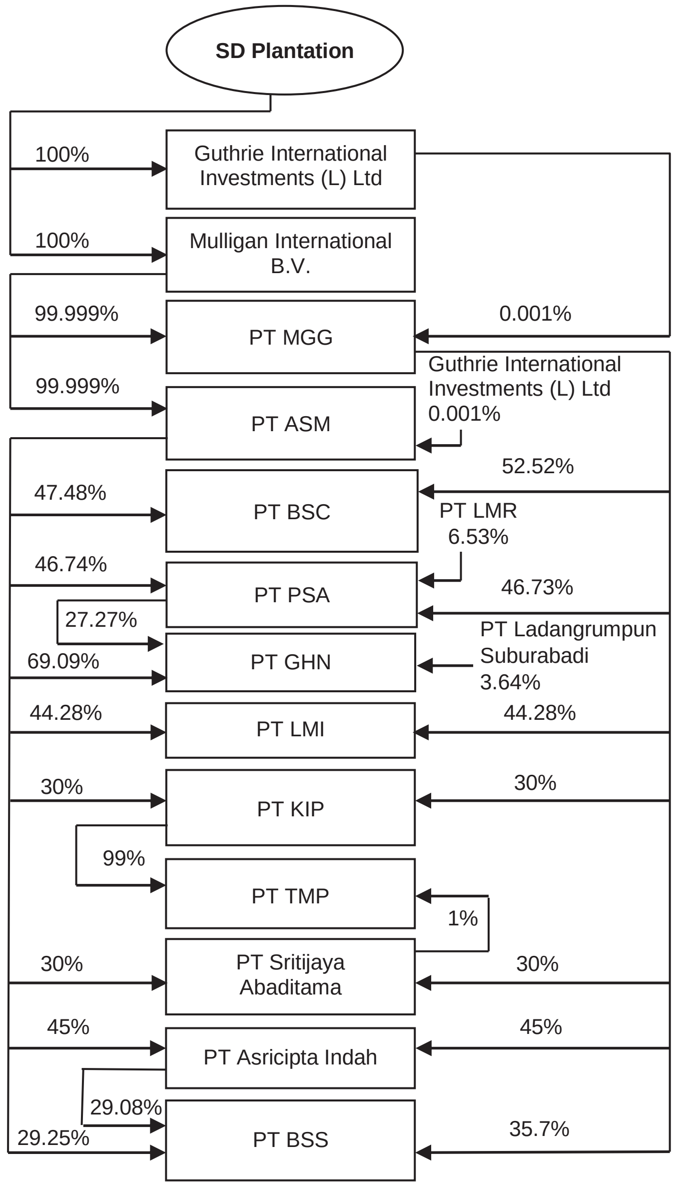
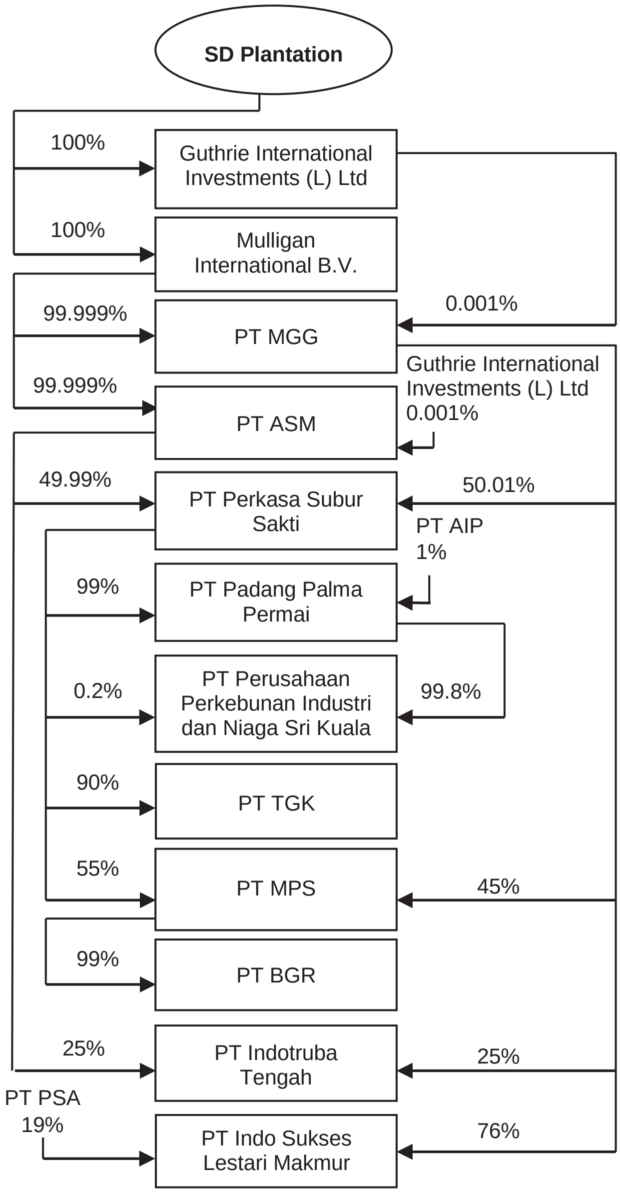
50%
Emery Advanced Materials Sdn Bhd
100%
Emery Aekyung Sdn Bhd
100%
Emery Marketing
100%


SD Plantation
100%
Guthrie International Investments (L) Ltd
100%
Mulligan International B.V.
0.001%
99.999%
PT MGG
99.999%
Guthrie International Investments (L) Ltd 0.001%
PT ASM
49.99%
PT Ladangrumpun Suburabadi
50.01%
5%
PT ASL
PT ASM 1%
99%
PT Sime Indo Agro
65.0%
PT MAS
95%
50%
PT AIP
50%
PT BSC 5%
95%
PT GPI
50.01%
PT TSA
49.99%
50.01%
PT KLR
49.99%
99.0%
PT Sandika Natapalma
PT ASM 1%
99.0%
PT Budidaya Agro Lestari
50.01%
PT SHE
49.99%
43.52%
PT LMR
56.48%
43.4%
PT Lahan Tani Sakti
56.6%
54.12%
PT BNS
45.88%
44.06%
PT SAA
55.94%

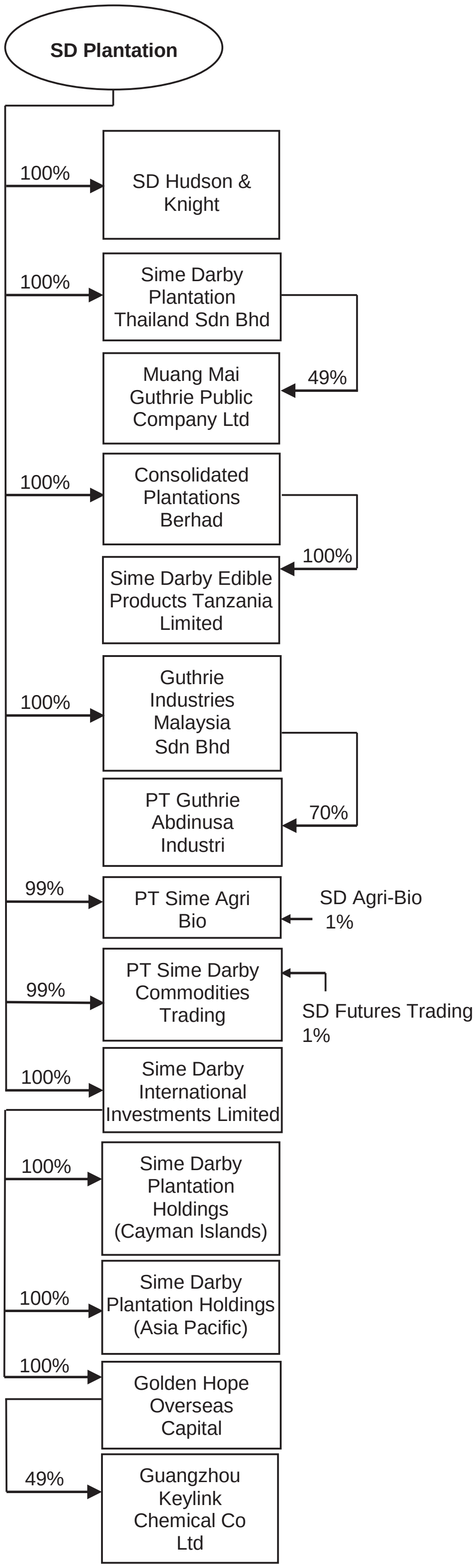
6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

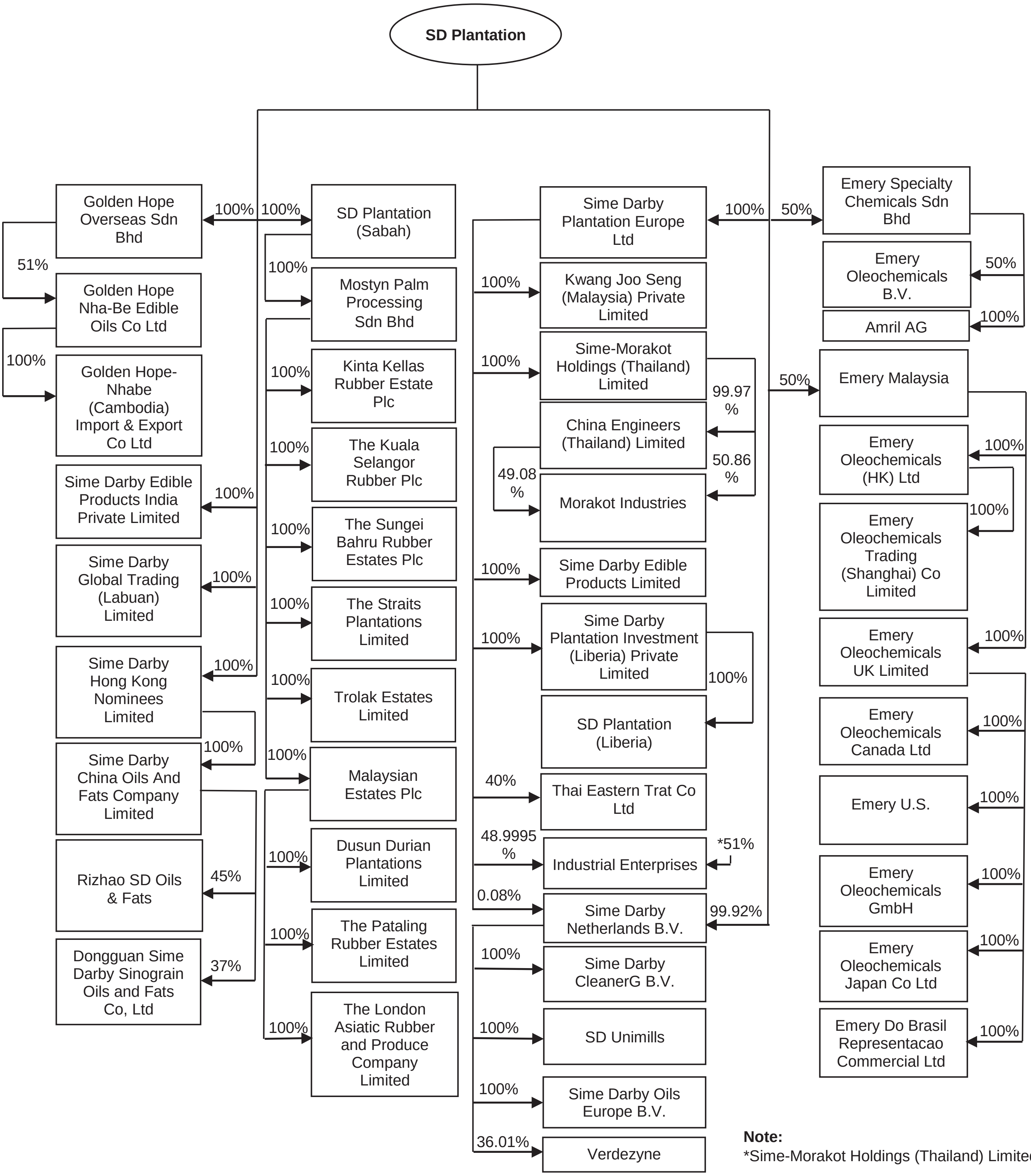


6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*



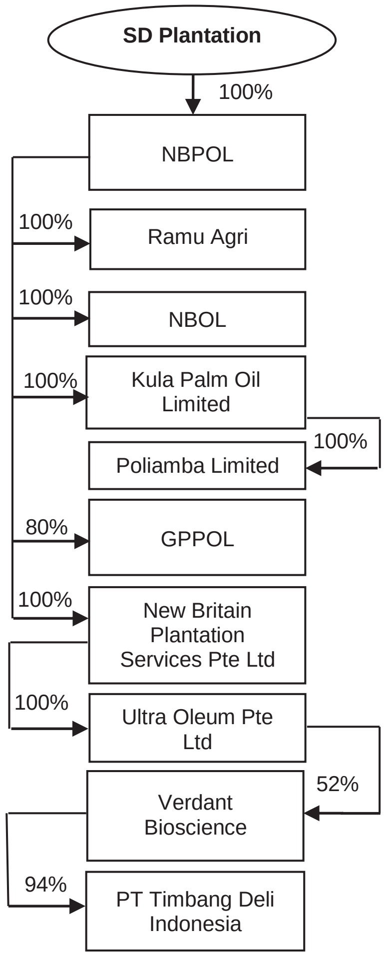
6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*





Note:
*Sime-Morakot Holdings (Thailand) Limited

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*



6.3 OUR SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our subsidiaries, associates and joint ventures as at the LPD are as follows:

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Our directly held subsidiaries				
Chermang Development (Malaya) Sdn Bhd (3560-A)	19 September 1959 Malaysia	N/A / 2,880,000	83.9	Investment holding
Consolidated Plantations Berhad (48997-A) / (Public company)	14 July 1979 Malaysia	N/A / 1	100.0	Investment holding
Derawan Sdn Bhd (151813-T)	13 March 1986 Malaysia	N/A / 20,000	100.0	Dormant
Golden Hope Overseas Sdn Bhd (211709-V)	24 January 1991 Malaysia	N/A / 3,500,000	100.0	Investment holding
Guthrie Industries Malaysia Sdn Bhd (2548-U)	29 October 1954 Malaysia	N/A / 5,000,100	100.0	Cultivation of oil palm and processing of palm oil and PK
Kumpulan Jelei Sdn Bhd (25515-H)	8 December 1975 Malaysia	N/A / 31,852,493**	100.0	Investment holding
Kumpulan Jerai Sdn Bhd (294-W)	25 March 1920 Malaysia	N/A / 200	100.0	Dormant
Kumpulan Linggi Sdn Bhd (25518-W)	3 December 1975 Malaysia	N/A / 2	100.0	Dormant
Kumpulan Sua Betong Sdn Bhd (25517-X)	1 December 1975 Malaysia	N/A / 2	100.0	Dormant
Kumpulan Tebong Sdn Bhd (25514-M)	2 December 1975 Malaysia	N/A / 2	100.0	Dormant
Kumpulan Temiang Sdn Bhd (25519-K)	4 December 1975 Malaysia	N/A / 2	100.0	Dormant
Sahua Enterprise Sdn Bhd (96135-X)	17 January 1983 Malaysia	N/A / 20,000	100.0	Dormant
Sanguine (Malaysia)[2] (179452-X)	8 March 1989 Malaysia	N/A / 2	100.0	Cultivation of oil palm

Name (registration number) / (Type[(1)])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
SD Agri-Bio (86904-K)	30 June 1982 Malaysia	N/A / 3,000,000	100.0	Manufacturing of rat baits and trading of agricultural related products
SD Austral Holdings[(2)] (6362-A) / (Public company)	21 December 1965 Malaysia	N/A / 2	100.0	Investment holding
SD Beverages (305519-W)	27 June 1994 Malaysia	N/A / 21,000,000	100.0	Dormant
SD Biodiesel (189115-D)	9 November 1989 Malaysia	N/A / 25,000,000	100.0	Production and sale of biodiesel and related products
Sime Darby Biotech Laboratories Sdn Bhd (144218-K)	2 September 1985 Malaysia	N/A / 2,500,100	100.0	Provision of oil palm tissue culture services
Sime Darby Bukit Talang Sdn Bhd (752601-V)	8 November 2006 Malaysia	N/A / 100,000	100.0	Dormant
SD Futures Trading[(2)] (79537-A)	28 December 1981 Malaysia	N/A / 50,000,000	100.0	Trading of CPO and palm oil products and as sub-marketing agent of refined products
Sime Darby Global Berhad (1026598-U) / (Public company)	3 December 2012 Malaysia	N/A / 2	100.0	Special purpose vehicle for the issuance of securities programme
Sime Darby Kempas Sdn Bhd (20389-P)	19 September 1974 Malaysia	N/A / 4,000,000	100.0	Processing of edible oil and related products
Sime Darby Latex Sdn Bhd (1586-T)	27 October 1947 Malaysia	N/A / 5,803,358	100.0	Property investment
Sime Darby Plantation Childcare Centre Sdn Bhd (25516-T)	3 December 1975 Malaysia	N/A / 2	100.0	Childcare services to employees
Sime Darby Plantation Intellectual Property Sdn Bhd (160161-K)	17 March 1987 Malaysia	N/A / 2	100.0	Registered holder of commercial patents, trademarks, copy rights, trade security and intellectual property rights
SD Plantation IT (21025-P)	23 November 1974 Malaysia	N/A / 10,000,000	100.0	Provision of information technology related matters

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[(1)])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Sime Darby Plantation (Peninsular) Sdn Bhd (73398-M)	21 July 1981 Malaysia	N/A / 2	100.0	Dormant
SD Plantation (Sabah)[(2)] (29959-V)	16 December 1957 Malaysia	N/A / 308,675,763	100.0	Cultivation of oil palm and processing of palm oil and PK
SD Plantation (Sarawak)[(2)] (179365-M)	6 March 1989 Malaysia	N/A / 25,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
Sime Darby Plantation Thailand Sdn Bhd (208712-K)	29 November 1990 Malaysia	N/A / 2	100.0	Investment holding
Sime Darby Research Sdn Bhd (560590-X)	3 October 2001 Malaysia	N/A / 2,500,100	100.0	R&D services to group companies in relation to tropical agriculture
SD Seeds & Agricultural (144603-H)	10 September 1985 Malaysia	N/A / 2,658,100**	100.0	Agricultural research and advisory services and production and sale of oil palm seeds and seedlings
Sime Darby Technology Centre Sdn Bhd (237580-K)	14 April 1992 Malaysia	N/A / 25,000,000	100.0	R&D services on biotechnology and agriculture
China Engineers (Malaysia)[(2)] (7358-K)	12 September 1967 Malaysia	N/A / 3,950,000	100.0	Cultivation of oil palm and rubber and processing of palm oil and PK
Sime Darby Edible Products India Private Limited (U15144DL2010FTC200708)	25 March 2010 India	Rupees1,000,000 / Rupees100,000	100.0	Market support services
Sime Darby Hong Kong Nominees Limited[(2)] (2354)	3 July 1947 Hong Kong	N/A / HKD6,000,000	100.0	Investment holding
Sime Darby Plantation Europe Ltd[(2)] (196900399R) / (Public company)	4 July 1969 Singapore	N/A / SGD3,000,000	100.0	Investment holding
Guthrie International Investments (L) Ltd (LL02688)	7 December 2000 Labuan, Malaysia	N/A / USD1	100.0	Investment holding

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Sime Darby Global Trading (Labuan) Limited (LL13148)	26 September 2016 Labuan, Malaysia	N/A / USD10,000,000	100.0	Trading of commodity
Sime Darby Netherlands B.V.[2] (24398010)	30 June 2006 Netherlands	N/A / Euro23,078,600	100.0	Investment holding
Mulligan International B.V.[2] (34148354)	29 December 2000 Netherlands	N/A / Euro18,000	100.0	Investment holding
SD Hudson & Knight (2004/009647/07)	13 April 2004 South Africa	ZAR1,000 / ZAR200	100.0	Processing and marketing of edible oil and related products
NBPOL[2] (1-1874)	19 May 1967 PNG	N/A / USD 202,319,000	100.0	Cultivation of oil palm and processing of palm oil, PK and PKO
Sime Darby International Investments Limited[2] (154925)	15 September 2005 Cayman Islands	USD30,000,000 / USD27,796,071	100.0	Investment holding
PT Sime Agri Bio (09.05.1.46.82818)	7 September 2009 Indonesia	IDR104,150,000,000 / IDR31,245,000,000	100.0	Trading of agricultural related products
PT Sime Darby Commodities Trading (09.05.1.46.68482)	15 March 2000 Indonesia	IDR4,356,600,000 / IDR4,356,600,000	100.0	Dormant
SD Austral (160308-V)	23 March 1987 Malaysia	N/A / 25,001,000	60.0	Processing of palm oil and PKO

Our indirectly held subsidiaries

<u>Subsidiaries of Sime Darby International Investments Limited</u>

Golden Hope Overseas Capital (60575 C1/GBL)	25 January 2006 Mauritius	N/A / USD4,783,564	100.0	Investment holding
Sime Darby Plantation Holdings (Asia Pacific) (155137)	20 September 2005 Cayman Islands	USD1,000,000 / USD958,905	100.0	Investment holding
Sime Darby Plantation Holdings (Cayman Islands) (155125)	20 September 2005 Cayman Islands	USD1,000,000 / USD273,974	100.0	Investment holding

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Subsidiaries of Sime Darby Netherlands B.V				
Sime Darby CleanerG B.V.[6] (24398131)	10 July 2006 Netherlands	N/A / Euro18,000	100.0	Dormant
Sime Darby Oils Europe B.V. (formerly known as Sime Darby Commodities Europe B.V.) (62152726)	23 December 2014 Netherlands	N/A / Euro100	100.0	Dormant
SD Unimills[6] (24328835)	14 December 2001 Netherlands	N/A / Euro18,000	100.0	Processing and marketing of edible oil and related products
Subsidiary of SD Plantation (Sabah)				
Mostyn Palm Processing Sdn Bhd (29960-K)	29 December 1961 Malaysia	N/A / 1,000,000	100.0	Investment holding
Subsidiary of Guthrie Industries Malaysia Sdn Bhd				
PT Guthrie Abdinusa Industri (09.04.1.42.16199)	10 May 2001 Indonesia	IDR10,100,000,000 / IDR5,050,000,000	70.0	Dormant
Subsidiary of SD Austral Holdings				
Wangsa Mujur[3] (134261-D)	28 January 1985 Malaysia	N/A / 100,000	72.5	Cultivation of oil palm and processing of palm oil and PK
Subsidiary of Wangsa Mujur				
Chartquest Sdn Bhd (142480-H)	22 July 1985 Malaysia	N/A / 13,834,395	61.1	Cultivation of oil palm

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Subsidiary of Golden Hope Overseas Sdn Bhd				
Golden Hope Nha-Be Edible Oils Co Ltd (0300832672)	9 September 2008 Vietnam	N/A / VND69,267,776,198	51.0	Processing and marketing of edible oil and related products
Subsidiary of Golden Hope Nha-Be Edible Oils Co Ltd				
Golden Hope-Nhabe (Cambodia) Import & Export Co Ltd (3508/07E)	21 March 2007 Cambodia	N/A / KHR20,000,000	51.0	Dormant
Subsidiaries of Mostyn Palm Processing Sdn Bhd				
Kinta Kellas Rubber Estates Plc (107719) / (Public company	23 February 1910 England and Wales	GBP420,000 / GBP413,125	100.0	Dormant
Malaysian Estates Plc (1264282) / (Public company)	21 July 1976 England and Wales	GBP16,750,000 / GBP16,695,267	100.0	Dormant
The Kuala Selangor Rubber Plc (84574) / (Public company)	12 May 1905 England and Wales	GBP100,000 comprising 2,250,000 ordinary shares of GBP0.01 each and 775,000 deferred shares of GBP0.10 each / GBP85,250 comprising 775,000 ordinary shares of GBP0.01 each and 775,000 of deferred shares of GBP0.10 each	100.0	Dormant
The Straits Plantations Limited (62010)	9 May 1899 England and Wales	GBP1,000,000 / GBP936,000	100.0	Dormant
The Sungei Bahru Rubber Estates Plc (263487) / (Public company)	12 March 1932 England and Wales	GBP350,000 / GBP259,383	100.0	Dormant
Trolak Estates Limited (10811)	8 December 1919 Scotland	GBP125,000 / GBP64,909	100.0	Dormant

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Subsidiaries of Malaysian Estates Plc				
Dusun Durian Plantations Limited (86188)	19 October 1905 England and Wales	GBP6,000,000 / GBP5,083,827	100.0	Dormant
The Pataling Rubber Estates Limited (166301)	12 April 1920 England and Wales	GBP4,000,000 / GBP3,243,275	100.0	Dormant
The London Asiatic Rubber and Produce Company Limited (95414)	26 October 1907 England and Wales	GBP4,000,000 / GBP3,480,554	100.0	Dormant
Subsidiaries of Consolidated Plantations Berhad				
Sime Darby Consulting Sdn Bhd (340418-U)	15 April 1995 Malaysia	N/A / 2	100.0	Investment holding
Sime Darby Edible Products Tanzania Ltd (22903)	21 April 1993 Tanzania	N/A / TZS2,000,000	100.0	Dormant
Subsidiary of Sime Darby Consulting Sdn Bhd				
SD F&B Marketing (772956-W)	11 May 2007 Malaysia	N/A / 2,500,100	100.0	Distribution and marketing of cooking oil, tocotrienols, guava juices and palm related products
Subsidiary of Sime Darby Hong Kong Nominees Limited				
Sime Darby China Oils & Fats Company Limited[7] (1070077)	28 August 2006 Hong Kong	N/A / HKD100,000,000	100.0	Investment holding

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Subsidiary of Sime Darby China Oils & Fats Company Limited				
Sime Darby Oils & Fats Sdn Bhd (56043-K)	11 March 1980 Malaysia	N/A / 5,000,000	100.0	Dormant
Subsidiaries of Sime Darby Plantation Europe Ltd				
Kwang Joo Seng (Malaysia) Private Limited (196300008E)	3 January 1963 Singapore	N/A / SGD350,000	100.0	Dormant
Sime-Morakot Holdings (Thailand) Limited[4] (0105533131018)	2 November 1990 Thailand	THB400,000 / THB400,000 comprising: THB100,000 ordinary shares and THB300,000 preference shares	100.0	Investment holding
Sime Darby Edible Products Limited (193800021R)	28 May 1938 Singapore	N/A / SGD8,000,000	100.0	Marketing of edible oil and related products
Sime Darby Plantation Investment (Liberia) Private Limited[4] (200905318R)	25 March 2009 Singapore	N/A / SGD1	100.0	Investment holding
Subsidiary of Sime Darby Plantation Investment (Liberia) Private Limited				
SD Plantation (Liberia)[8] (050762149)	27 March 2009 Liberia	N/A / USD1	100.0	Cultivation of oil palm and rubber
Subsidiaries of Sime-Morakot Holdings (Thailand) Limited				
China Engineers (Thailand) Limited (0105508001050)	31 May 1965 Thailand	THB1,000,000 / THB1,000,000	99.97	Investment holding
Industrial Enterprises (0105508000665)	15 April 1965 Thailand	THB200,000,000 / THB200,000,000	99.99	Processing of soya bean oil and related products

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[(1)])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Morakot Industries[(5)] (0107537001293) / (Public company)	1 October 1981 Thailand	THB599,172,000 / THB599,017,490	99.92	Processing and marketing of edible oil and related products
Subsidiaries of Mulligan International B.V.				
PT ASM[(11)] (09.05.1.70.70728)	30 January 1988 Indonesia	IDR500,000,000,000/ IDR337,774,000,000	100.0	Investment holding
PT MGG[(11)] (09.05.1.70.70738)	26 November 1988 Indonesia	IDR500,000,000,000/ IDR391,088,000,000	100.0	Investment holding
Subsidiaries of PT MGG				
PT BSC[(16)] (09.05.1.01.69502)	27 June 1980 Indonesia	IDR56,000,000,000 / IDR55,263,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT Indo Sukses Lestari Makmur (09.05.1.46.76171)	10 March 2008 Indonesia	IDR5,000,000,000 / IDR5,000,000,000	95.0	Development of rubber plantation
PT Ladangrumpun Suburabadi (09.05.1.01.86506)	3 September 1988 Indonesia	IDR30,000,000,000 / IDR29,435,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT Lahan Tani Sakti (09.05.1.01.69345)	16 October 1985 Indonesia	IDR35,000,000,000 / IDR32,981,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT LMR[(16)] (09.05.1.01.69536)	20 February 1989 Indonesia	IDR40,000,000,000 / IDR35,901,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT SAA[(16)] (09.05.1.01.69503)	28 February 1989 Indonesia	IDR30,000,000,000 / IDR28,026,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT Perkasa Subur Sakti (09.05.1.10.72417)	11 April 1991 Indonesia	IDR16,000,000,000 / IDR14,965,000,000	100.0	Processing of palm oil and PK
Subsidiaries of PT Ladangrumpun Suburabadi				
PT MAS[(13)] (14.03.1.01.01286)	15 July 1996 Indonesia	IDR64,120,896,000 / IDR44,898,763,200	65.0	Cultivation of oil palm and processing of palm oil and PK
PT Sime Indo Agro (09.05.1.01.72270)	20 September 1995 Indonesia	IDR20,565,000,000 / IDR20,565,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK

Name (registration number) / (Type[(1)])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Subsidiaries of PT ASM				
PT BNS[(17)] (09.05.1.01.68432)	30 January 1988 Indonesia	IDR60,000,000,000 / IDR41,366,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT GHN[(17)] (09.05.1.10.68584)	6 June 2001 Indonesia	IDR251,394,000,000/ IDR251,394,000,000	100.0	Processing of palm oil products
PT TSA[(17)] (09.05.1.01.69454)	24 October 1988 Indonesia	IDR40,000,000,000 / IDR28,401,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT KLR[(17)] (09.05.1.01.69453)	24 October 1988 Indonesia	IDR40,000,000,000 / IDR28,192,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT SHE[(17)] (09.05.1.01.69452)	5 November 1983 Indonesia	IDR30,000,000,000 / IDR28,153,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
Our subsidiaries held through PT MGG and PT ASM				
PT AIP[(15)] (09.05.1.01.68578)	31 August 1989 Indonesia	IDR30,720,000,000 / IDR26,000,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT Asricipta Indah (09.05.1.46.70266)	30 January 1988 Indonesia	IDR150,000,000 / IDR120,000,000	90.0	Investment holding
PT BSS[(15)] (09.05.1.01.69465)	25 June 1984 Indonesia	IDR75,000,000,000 / IDR74,453,000,000	91.12	Cultivation of oil palm and processing of palm oil and PK
PT Indotruba Tengah (09.05.1.01.87636)	13 March 1990 Indonesia	IDR 12,400,000,000 / IDR 12,400,000,000	50.0	Cultivation of oil palm and processing of palm oil and PK
PT KIP[(15)] (09.05.1.46.82817)	27 February 1986 Indonesia	IDR 23,750,000,000 / IDR23,750,000,000	60.0	Investment holding
PT LMI[(15)] (09.05.1.01.06074)	25 February 1989 Indonesia	IDR50,000,000,000 / IDR47,727,000,000	88.56	Cultivation of oil palm and processing of palm oil, PK and PKO
PT PSA[(15)] (09.05.1.01.73987)	28 February 1989 Indonesia	IDR70,000,000,0000 / IDR68,897,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT Sritijaya Abaditama (09.05.1.70.74604)	30 January 1988 Indonesia	IDR150,000,000 / IDR120,000,000	60.0	Investment holding

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
<u>Subsidiaries of PT AIP</u>				
PT ASL (09.05.1.01.78251)	15 May 2012 Indonesia	IDR11,000,000,000 / IDR3,300,000,000	100.0	Production and sale of oil palm planting materials
PT GPI[19] (09.05.1.01.70668)	13 October 1995 Indonesia	IDR45,180,000,000 / IDR45,180,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
<u>Subsidiary of PT KIP</u>				
PT TMP[12] (09.05.1.01.68572)	22 May 1980 Indonesia	IDR23,750,000,000 / IDR23,750,000,000	60.0	Cultivation of oil palm and processing of palm oil and PK
<u>Subsidiaries of PT KLR</u>				
PT Budidaya Agro Lestari (14.03.1.01.01450)	29 February 1992 Indonesia	IDR54,500,000,000 / IDR54,500,000,000	100.0	Cultivation of oil palm
PT Sandika Natapalma (14.03.1.01.01449)	13 March 1992 Indonesia	IDR37,712,000,000 / IDR37,712,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
<u>Subsidiaries of PT Perkasa Subur Sakti</u>				
PT MPS[14] (09.05.1.46.72858)	25 June 1984 Indonesia	IDR100,000,000 / IDR100,000,000	100.0	Investment holding
PT Padang Palma Permai (09.05.1.01.84446)	21 November 1956 Indonesia	IDR20,000,000,000 / IDR16,307,000,000	100.0	Cultivation of oil palm and processing of palm oil and PK
PT TGK[14] (09.05.1.01.69466)	21 August 1982 Indonesia	IDR17,400,000,000 / IDR17,400,000,000	90.0	Cultivation of oil palm and processing of palm oil and PK
<u>Subsidiary of PT Padang Palma Permai</u>				
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala (09.05.1.01.84447)	23 August 1961 Indonesia	IDR 500,000,000 / IDR 500,000,000	100.0	Cultivation of oil palm

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Subsidiary of PT MPS				
PT BGR[18] (09.05.1.01.78228)	4 March 1981 Indonesia	IDR15,000,000,000 / IDR15,000,000,000	99.0	Cultivation of oil palm and processing of palm oil and PK
Subsidiaries of NBPOL				
GPPOL[9] (1000127)	15 March 2005 Solomon Islands	N/A / SBD74,625,000	80.0	Cultivation of oil palm and processing of palm oil, PK and PKO
Kula Palm Oil Limited[9] (1-5598)	18 March 1976 PNG	N/A / PGK73,312,901	100.0	Cultivation of oil palm and processing of palm oil, PK and PKO
NBOL[9] (06627939)	24 June 2008 England and Wales	N/A / GBP20,000,002	100.0	Processing of edible oil and related products
New Britain Plantation Services Pte Ltd (200702161W)	6 February 2007 Singapore	N/A / SGD300001.00	100.0	Investment holding and management of oil palm plantations and seed production
Ramu Agri[9] (1-7054)	18 October 1978 PNG	N/A / PGK31,048,000	100.0	Cultivation of oil palm and sugar cane, processing and sale of palm oil, PKO, sugar and ethanol, cattle rearing and processing beef
Subsidiary of New Britain Plantation Services Pte Ltd				
Ultra Oleum Pte Ltd (201326391W)	30 September 2013 Singapore	N/A / USD2,915	100.0	Investment holding
Subsidiary of Ultra Oleum Pte Ltd				
Verdant Bioscience[10] (201324031E)	5 September 2013 Singapore	N/A / USD60,000,000	52.0	Agriculture science and research

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Subsidiary of Verdant Bioscience				
PT Timbang Deli Indonesia (02.12.1.01.00904/2487/2392/2412/07/2011)	18 October 1961 Indonesia	IDR50,100,000 / IDR26,209,500	48.88	Production of oil palm seeds and cultivation of rubber
Subsidiary of Kula Palm Oil Limited				
Poliamba Limited (1-2309)	11 November 1968 PNG	N/A / PGK22,875,580	100.0	Cultivation of oil palm and processing of palm oil, PK and PKO
Our joint ventures				
Sime Darby TNBES Renewable Energy Sdn Bhd (1084243-U)	11 March 2014 Malaysia	N/A / 7,270,000	51.0	Production and sale of renewable energy using palm oil effluents
Rizhao SD Oils & Fats (91371100683216870A)[20]	17 December 2008 China	Registered capital: USD44,970,000 (paid up registered capital: USD29,980,000)	45.0	Storage and marketing of palm oil related products
Emery Specialty Chemicals Sdn Bhd (1026094-X)	29 November 2012 Malaysia	N/A / 81,293,622	50.0	Investment holding
Emery Malaysia[20] (63112-D)	6 October 1980 Malaysia	N/A / 467,142,500	50.0	Investment holding and production of oleochemicals and derivatives
Subsidiaries of Emery Specialty Chemicals Sdn Bhd				
Amril AG (CH-170.3.036.401-1)	12 December 2011 Switzerland	N/A / CHF100,000	50.0	Managing intellectual properties
Emery Advanced Materials Sdn Bhd (1040172-T)	28 March 2013 Malaysia	N/A / 10	50.0	Dormant
Emery Aekyung Sdn Bhd (921234-T)	8 November 2010 Malaysia	N/A / 14,501,000	50.0	Dormant

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Emery Marketing[20] (17069-P)	8 January 1974 Malaysia	N/A / 67,993,620	50.0	Production and sale of sodium lauryl sulphate, sodium lauryl ether sulphate and other oleochemical derivatives
Associate of Emery Specialty Chemicals Sdn Bhd				
Emery Oleochemicals B.V. (20157395)	28 July 2009 Netherlands	N/A / Euro5,000,000	25.0	Marketing and sale of chemical products
Subsidiaries of Emery Malaysia				
Emery Oleochemicals Rika (M) Sdn Bhd (93282-T)	22 November 1982 Malaysia	N/A / 109,375,000	27.5	Production and sale of fatty alcohols
Emeryoleo Specialties (M) Sdn Bhd (215324-V)	8 April 1991 Malaysia	N/A / 2,500,000	50.0	Trading of plastic additives and other oleochemical derivatives
Emery Oleochemicals (HK) Ltd (106 1337)	21 July 2006 Hong Kong	N/A / HKD2	50.0	Sale of plastic additives and industrial chemicals
Emery Oleochemicals UK Limited (5501527)	6 July 2005 England and Wales	N/A / GBP3,515,000	50.0	Distribution of specialty chemical products
Subsidiaries of Emery Oleochemicals UK Limited				
Emery Do Brasil Representacao Commercial Ltd (07.673.603/0001-01)	23 September 2005 Brazil	N/A / BRL2,470,278	50.0	Dormant
Emery Oleochemicals Canada Ltd (82489 4547 RC0001)	21 September 2005 Canada	N/A / CAD3,201,000	50.0	Dormant
Emery Oleochemicals GmbH (HRB 52759)	18 November 1968 Germany	N/A / Euro1,280,000	50.0	Production of chemical products and the trade in such goods
Emery Oleochemicals Japan Co Ltd (3010401083350)	5 January 2006 Japan	N/A / JPY100,000,000	50.0	Marketing support of oleo chemicals products and plastic additives.

Name (registration number) / (Type[1])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Emery U.S.[20] (32-0131687)	2 June 2005 United States of America	N/A / USD65,711,000	50.0	Production, sales, distribution and trading of oleochemicals or other chemicals products
Subsidiary of Emery Oleochemicals (HK) Ltd				
Emery Oleochemicals Trading (Shanghai) Co Limited (91310115794545829Y)	26 December 2006 China	USD140,000 / USD140,000	50.0	Dormant
Our associates				
Barlow Bulking Sdn Bhd (6934-T)	12 December 1966 Malaysia	N/A / 1,000,000	32.0	Bulking and marketing facilities for edible oil producers and millers
MyBiomass (647714-X)	2 April 2004 Malaysia	N/A / 33,300,000	30.0	Develop and pioneer high value green chemicals bio-refinery through coordinated aggregation
Associate of SD Austral Holdings				
Nescaya Maluri Sdn Bhd (572673-T)	4 March 2002 Malaysia	N/A / 10,000	40.0	Investment holding and quarry licensing
Associate of Sime Darby Thailand Sdn Bhd				
Muang Mai Guthrie Public Company Ltd (0107548000331) / (Public company)	12 May 2005 Thailand	THB340,000,000 / THB255,000,000	49.0	Processing of rubber
Associate of Sime Darby China Oils And Fats Company Limited				
Dongguan Sime Darby Sinograin Oils and Fats Co Ltd (441900000184152)	5 March 2009 China	USD10,000,000 / Nil	37.0	Dormant

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[(1)])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Associate of Golden Hope Overseas Capital				
Guangzhou Keylink Chemical Co Ltd (440101400072455)	29 December 2006 China	RMB200,000,000 / RMB108,000,000	49.0	Manufacturing of surface active agents
Associate of Sime Darby Netherlands B.V.				
Verdezyne (4721241)	17 August 2009 United States Of America	N/A / USD53,083.828 comprising: USD28,697.817 Series 4 redeemable convertible preferred stock USD9,834.495 Series 3 redeemable convertible preferred stock USD10,723.08 Series 2 redeemable convertible preferred stock USD2,322.84 Series 1 redeemable convertible preferred stock USD1,505.596 common stock	36.01	Production of drop-in alternatives to petroleum-derived chemicals from palm-based products and by-products
Associate of Sime Darby Plantation Europe Ltd				
Thai Eastern Trat Co Ltd (0205556018101)	5 June 2013 Thailand	THB250,000,000 / THB250,000,000	40.0	Processing of palm oil and PK

6. INFORMATION ON OUR GROUP, ASSOCIATES AND JOINT VENTURES *(Cont'd)*

Name (registration number) / (Type[(1)])	Date and country of incorporation	Authorised / Issued share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
In Members Voluntary Liquidation ("MVL")				
Golden Hope Agrotech Consultancy Sdn Bhd (8494-U)	2 April 1969 Malaysia	N/A / 1,000,000	100.0	In MVL, commenced on 29 May 2009
Golden Hope Fruit Industries Sdn Bhd (65325-K)	9 December 1980 Malaysia	N/A / 6,000,000	100.0	In MVL, commenced on 29 May 2009
Nature Ambience Sdn Bhd (841401-H)	12 December 2008 Malaysia	N/A / 50,000	100.0	In MVL, commenced on 28 February 2017
Sime Darby Bioganic Sdn Bhd (189028-K)	8 November 1989 Malaysia	N/A / 3,000,000	100.0	In MVL, commenced on 28 February 2017
Sime Darby Julau Plantation Sdn Bhd (868375-W)	13 August 2009 Malaysia	N/A / 2	100.0	In MVL, commenced on 28 February 2017
Sime Darby Plantation Cameroon Ltd (RC/DLA/2011/B/2297)	20 October 2011 Cameroon	N/A / CFA10,000,000	100.0	In MVL, commenced on 5 November 2015
Vertical Drive Sdn Bhd (819978-H)	3 June 2008 Malaysia	N/A / 200,000	100.0	In MVL, commenced on 28 February 2017
Eminent Platform Sdn Bhd (767397-X)	28 March 2007 Malaysia	N/A / 2	100.0	In MVL, commenced on 30 June 2017

Notes:

**** *In accordance with Section 618(2) of the Act, the amount standing to the credit of the share premium account and capital redemption reserve has become part of the company's share capital.*

(1) *Save as otherwise disclosed, all of our subsidiaries, associates and joint ventures are private companies.*

(2) *For further details of these material entities, please refer to Section 6.3.1 of this Prospectus.*

(3) *For further details of this material entity, please refer to Section 6.3.2 of this Prospectus.*

(4) *For further details of these material entities, please refer to Section 6.3.3 of this Prospectus.*

(5) *For further details of this material entity, please refer to Section 6.3.4 of this Prospectus.*

(6) *For further details of these material entities, please refer to Section 6.3.5 of this Prospectus.*

(7) *For further details of this material entity, please refer to Section 6.3.6 of this Prospectus.*

(8) *For further details of this material entity, please refer to Section 6.3.7 of this Prospectus.*

(9) *For further details of these material entities, please refer to Section 6.3.8 of this Prospectus.*

(10) *For further details of this material entity, please refer to Section 6.3.9 of this Prospectus.*

(11) *For further details of these material entities, please refer to Section 6.3.10 of this Prospectus.*

(12) *For further details of this material entity, please refer to Section 6.3.11 of this Prospectus.*

(13) *For further details of this material entity, please refer to Section 6.3.12 of this Prospectus.*

(14) *For further details of these material entities, please refer to Section 6.3.13 of this Prospectus.*

(15) For further details of these material entities, please refer to Section 6.3.14 of this Prospectus.
(16) For further details of these material entities, please refer to Section 6.3.15 of this Prospectus.
(17) For further details of these material entities, please refer to Section 6.3.16 of this Prospectus.
(18) For further details of this material entity, please refer to Section 6.3.17 of this Prospectus.
(19) For further details of this material entity, please refer to Section 6.3.18 of this Prospectus.
(20) For further details of these material entities, please refer to Section 6.3.19 of this Prospectus.

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The details of our material subsidiaries, associates and joint ventures as at the LPD are set out below:

6.3.1 Our directly held material subsidiaries

6.3.1.1 Sanguine (Malaysia) (Company no. 179452-X)

(i) History and business

Sanguine (Malaysia) was incorporated in Malaysia under the Companies Act 1965 on 8 March 1989 as a private limited company and is deemed registered under the Act. The principal activity of Sanguine (Malaysia) is cultivation of oil palm.

(ii) Share capital

As at the LPD, the issued share capital of Sanguine (Malaysia) is RM2 comprising 2 ordinary shares.

There is no change in the issued share capital of Sanguine (Malaysia) for the past 3 years up to the LPD.

(iii) Shareholder

Sanguine (Malaysia) is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, Sanguine (Malaysia) does not have any subsidiary, associate or joint venture.

6.3.1.2 SD Futures Trading (Company no. 79537-A)

(i) History and business

SD Futures Trading was incorporated in Malaysia under the Companies Act 1965 on 28 December 1981 as a private limited company under the name of Manpower Development Corporation (Malaysia) Sdn Bhd and is deemed registered under the Act. On 14 September 1985, the company assumed its present name. The principal activities of SD Futures Trading are trading of CPO and palm oil products and as sub-marketing agent of refined products.

(ii) Share capital

As at the LPD, the issued share capital of SD Futures Trading is RM50,000,000 comprising 50,000,000 ordinary shares.

There is no change in the issued share capital of SD Futures Trading for the past 3 years up to the LPD.

(iii) Shareholder

SD Futures Trading is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, SD Futures Trading does not have any subsidiary, associate or joint venture.

6.3.1.3 SD Plantation (Sarawak) (Company no. 179365-M)

(i) History and business

SD Plantation (Sarawak) was incorporated in Malaysia under the Companies Act 1965 on 6 March 1989 as a private limited company under the name of Woodlake Sdn Bhd and is deemed registered under the Act. On 27 November 1996, the company changed its name to Golden Hope Plantations (Sarawak) Sdn Bhd. On 1 July 2008, the company assumed its present name. The principal activities of SD Plantation (Sarawak) are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the issued share capital of SD Plantation (Sarawak) is RM25,000,000 comprising 25,000,000 ordinary shares.

There is no change in the issued share capital of SD Plantation (Sarawak) for the past 3 years up to the LPD.

(iii) Shareholder

SD Plantation (Sarawak) is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, SD Plantation (Sarawak) does not have any subsidiary, associate or joint venture.

6.3.1.4 SD Austral Holdings (Company no. 6362-A)

(i) History and business

SD Austral Holdings was incorporated in Malaysia under the Companies Ordinances 1940 to 1946 on 21 December 1965 as a private limited company under the name of Austral Enterprises Limited and is deemed registered under the Act. On 15 April 1966, the company changed its name to Austral Enterprises Sdn Bhd. On 5 June 1969, the company was converted to a public company under the name of Austral Enterprises Berhad. On 14 May 2010, the company assumed its present name. The principal activity of SD Austral Holdings is investment holding

(ii) Share capital

As at the LPD, the issued share capital of SD Austral Holdings is RM2 comprising 2 ordinary shares.

There is no change in the issued share capital of SD Austral Holdings for the past 3 years up to the LPD.

(iii) Shareholder

SD Austral Holdings is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The subsidiary of SD Austral Holdings as at the LPD is Wangsa Mujur which is a joint venture company with Mitsui & Co Ltd, the details of which are set out in Section 6.3.2 of this Prospectus.

The associate of SD Austral Holdings as at the LPD is Nescaya Maluri Sdn Bhd.

As at the LPD, SD Austral Holdings does not have any other joint venture other than as disclosed above.

6.3.1.5 SD Plantation (Sabah) (Company no. 29959-V)

(i) History and business

SD Plantation (Sabah) was incorporated in Malaysia under the Companies Ordinances of North Borneo on 16 December 1957 as a private limited company under the name of Mostyn Estates Limited and is deemed registered under the Act. On 15 April 1966, the company changed its name to to Mostyn Estates Sdn Bhd. On 6 July 1982, the company changed its name to Bal Plantations Sdn Bhd. On 14 November 1996, the company changed its name to Golden Hope Plantations (Sabah) Sdn Bhd. On 1 July 2008, the company assumed its present name. The principal activities of SD Plantation (Sabah) are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the issued share capital of SD Plantation (Sabah) is RM308,675,763 comprising 308,675,763 ordinary shares.

There is no change in the issued share capital of SD Plantation (Sabah) for the past 3 years up to the LPD.

(iii) Shareholder

SD Plantation (Sabah) is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The subsidiary of SD Plantation (Sabah) as at the LPD is Mostyn Palm Processing Sdn Bhd.

As at the LPD, SD Plantation (Sabah) does not have any associate or joint venture.

6.3.1.6 China Engineers (Malaysia) (Company no. 7358-K)

(i) History and business

China Engineers (Malaysia) was incorporated in Malaysia under the Companies Act 1965 on 12 September 1967 as a private limited company and is deemed registered under the Act. The principal activities of China Engineers (Malaysia) are cultivation of oil palm and rubber and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the issued share capital of China Engineers (Malaysia) is RM3,950,000 comprising 3,950,000 ordinary shares.

There is no change in the issued share capital of China Engineers (Malaysia) for the past 3 years up to the LPD.

(iii) Shareholder

China Engineers (Malaysia) is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, China Engineers (Malaysia) does not have any subsidiary, associate or joint venture.

6.3.1.7 Mulligan International B.V. (Company no. 34148354)

(i) History and business

Mulligan International B.V. was incorporated in the Netherlands under the Law of the Netherlands on 29 December 2000 as a private limited company. Mulligan International B.V. is an investment holding company.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Mulligan International B.V. is Euro18,000 comprising 18,000 ordinary shares.

There is no change in the issued and paid-up share capital of Mulligan International B.V. for the past 3 years up to the LPD.

(iii) Shareholder

Mulligan International B.V. is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of Mulligan International B.V. as at the LPD are PT MGG and PT ASM, the details of which are set out in Section 6.3.10 of this Prospectus.

As at the LPD, Mulligan International B.V. does not have any associate or joint venture.

6.3.1.8 NBPOL (Company no. 1-1874)

(i) History and business

NBPOL was incorporated in PNG under the Companies Ordinance 1963-1966 on 19 May 1967 as a public company limited by shares under the name of New Britain Palm Oil Development Limited. On 7 December 1995, the company assumed its present name. On 2 September 1998, the company was re-registered as a company limited by shares under the Companies Act 1997. The principal activities of NBPOL are cultivation of oil palm and processing of palm oil, PK and PKO. It commenced its business on 19 May 1967.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of NBPOL is USD202,319,000 comprising 151,548,942 ordinary shares.

The changes in the issued and paid-up share capital of NBPOL for the past 3 years up to the LPD are as follows:

Date of allotment	No. of shares	Consideration	Cumulative issued and paid-up share capital
			USD
19 February 2015	1,500,838	Non-Cash Employee Long Term Incentive Share Plan	202,319,000

(iii) Shareholder

NBPOL is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of NBPOL as at the LPD are Ramu Agri, NBOL, Kula Palm Oil Limited, GPPOL and New Britain Plantation Services Pte Ltd, the details of which are set out in Section 6.3.8 of this Prospectus.

As at the LPD, NBPOL does not have any associate or joint venture.

6.3.1.9 Sime Darby Hong Kong Nominees Limited (Company no. 2354)

(i) History and business

Sime Darby Hong Kong Nominees Limited (森那美香港代理人有限公司) was incorporated in Hong Kong under the Companies Ordinance (Chapter 32) on 3 July 1947 as a limited company under the name of Mackinnon Mackenzie and Company (China) Limited. On 27 December 1952, the company changed its name to Mackinnon, Mackenzie & Company of Japan Limited. On 5 January 1971, the company changed its name to Mackinnon's Godown Company Limited (鐵行貨倉有限公司). On 13 January 1976, the company changed its name to Mackinnon Mackenzie Limited (鐵行有限公司). On 30 November 1978, the company changed its name to C.E. Trading Limited. On 27 June 1980 the company changed its name to Sime Darby Trading Hong Kong Limited 森那美香港貿易有限公司and assumed its present name on 12 March 1997. Sime Darby Hong Kong Nominees Limited is an investment holding company. It commenced its business on 3 July 1947.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Sime Darby Hong Kong Nominees Limited is HKD6,000,000 comprising 60,000 ordinary shares.

There is no change in the issued and paid-up share capital of Sime Darby Hong Kong Nominees Limited for the past 3 years up to the LPD.

(iii) Shareholder

Sime Darby Hong Kong Nominees Limited is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The subsidiary of Sime Darby Hong Kong Nominees Limited as at the LPD is Sime Darby China Oils and Fats Company Limited, the details of which are set out in Section 6.3.6 of this Prospectus.

As at the LPD, Sime Darby Hong Kong Nominees Limited does not have any associate or joint venture.

6.3.1.10 Sime Darby International Investments Limited (Company no. 154925)

(i) History and business

Sime Darby International Investments Limited was incorporated in Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 15 September 2005 as an exempted company limited by shares with the name of Golden Hope International Investments. On 23 July 2008, the company assumed its present name. The principal activity of Sime Darby International Investments Limited is investment holding.

(ii) Share capital

As at the LPD, the authorised share capital of Sime Darby International Investments Limited is USD30,000,000 comprising 30,000,000 ordinary shares with a par value of USD1 each. The issued and paid-up share capital of Sime Darby International Investments Limited is USD27,796,071 comprising 27,796,071 ordinary shares of USD1 each.

There is no change in the issued and paid-up share capital of Sime Darby International Investments Limited for the past 3 years up to the LPD.

(iii) Shareholder

Sime Darby International Investments Limited is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of Sime Darby International Investments Limited as at the LPD are Sime Darby Plantation Holdings (Cayman Islands), Sime Darby Plantation Holdings (Asia Pacific) and Golden Hope Overseas Capital.

The associate of Sime Darby International Investments Limited as at the LPD is Guangzhao Keylink Chemical Co Ltd, which is held through its subsidiary, Golden Hope Overseas Capital.

As at the LPD, Sime Darby International Investments Limited does not have any joint venture.

6.3.1.11 Sime Darby Plantation Europe Ltd (Company no. 196900399R)

(i) History and business

Sime Darby Plantation Europe Ltd was incorporated in Singapore under the Companies Act (Cap. 50) of Singapore on 4 July 1969 as a public company limited by shares under the name of Edible Products Limited. On 13 May 2010, the company assumed its present name. The principal activity of Sime Darby Plantation Europe Ltd is investment holding.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Sime Darby Plantation Europe Ltd is SGD3,000,000 comprising 3,000,000 ordinary shares.

There is no change in the issued and paid-up share capital of Sime Darby Plantation Europe Ltd for the past 3 years up to the LPD.

(iii) Shareholder

Sime Darby Plantation Europe Ltd is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of Sime Darby Plantation Europe Ltd as at the LPD are Kwang Joo Seng (Malaysia) Private Limited, Sime-Morakot Holdings (Thailand) Limited, Sime Darby Edible Products Limited and Sime Darby Plantation Investments (Liberia) Private Limited. Details of Sime-Morakot Holdings (Thailand) Limited and Sime Darby Plantation Investments (Liberia) Private Limited are set out in Sections 6.3.3 of this Prospectus.

The associate of Sime Darby Plantation Europe Ltd as at the LPD is Thai Eastern Trat Co Ltd.

As at the LPD, Sime Darby Plantation Europe Ltd does not have any joint venture.

6.3.1.12 Sime Darby Netherlands B.V. (Company no. 24398010)

(i) History and business

Sime Darby Netherlands B.V. was incorporated in the Netherlands under the Law of the Netherlands on 30 June 2006 as a private limited company under the name of GH Netherlands B.V. On 4 March 2010, the company assumed its present name. The principal activity of Sime Darby Netherlands B.V. is investment holding.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Sime Darby Netherlands B.V. is Euro23,078,600 comprising 230,786 ordinary shares.

The changes in the issued and paid-up share capital of Sime Darby Netherlands B.V. for the past 3 years up to the LPD are as follows:

Date of allotment	No. of shares	Consideration	Cumulative issued and paid-up share capital
			Euro
28 September 2016	230,606	Non-cash contribution via share for share exchange where SD Plantation transfer its shares in Verdezyne in exchange for shares in Sime Darby Netherlands B.V.	23,078,600

(iii) Shareholder

Sime Darby Netherlands B.V. is our 99.92%-owned subsidiary and the remaining 0.08% equity interest is held by our wholly-owned subsidiary, Sime Darby Plantation Europe Ltd.

(iv) Subsidiaries, associates and joint ventures

The direct subsidiaries of Sime Darby Netherlands B.V. as at the LPD are Sime Darby CleanerG B.V., SD Unimills and Sime Darby Oils Europe B.V. (formerly known as Sime Darby Commodities Europe B.V.), the details of which are set out in Sections 6.3.5 of this Prospectus.

The associate of Sime Darby Netherlands B.V. as at the LPD is Verdezyne. It also has an investment in Biosynthetic Technologies.

As at the LPD, Sime Darby Netherlands B.V. does not have any joint venture.

6.3.2 Subsidiary of SD Austral Holdings

6.3.2.1 Wangsa Mujur (Company no. 134261-D)

(i) History and business

Wangsa Mujur was incorporated in Malaysia under the Companies Act 1965 on 28 January 1985 as a private limited company and is deemed registered under the Act. The principal activities of Wangsa Mujur are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the issued share capital of Wangsa Mujur is RM100,000 comprising 100,000 ordinary shares.

The changes in the issued share capital of Wangsa Mujur for the past 3 years up to the LPD are as follows:

Date of allotment	No. of shares	Consideration	Cumulative issued share capital
			RM
15 January 2015	89,655	Bonus issuance of shares	100,000.00

(iii) Shareholders

Wangsa Mujur is a 72.5%-owned subsidiary of SD Austral Holdings, which in turn is our wholly-owned subsidiary. The remaining 27.5% equity interest is held by Mitsui & Co. Ltd.

(iv) Subsidiaries, associates and joint ventures

The direct subsidiary of Wangsa Mujur as at the LPD is Chartquest Sdn Bhd.

As at the LPD, Wangsa Mujur does not have any associate or joint venture.

6.3.3 Subsidiaries of Sime Darby Plantation Europe Ltd

6.3.3.1 Sime-Morakot Holdings (Thailand) Limited (Company no. 0105533131018)

(i) History and business

Sime-Morakot Holdings (Thailand) Limited was incorporated in Thailand under the Thai Laws on 2 November 1990 as a private limited company under the name of BDO (Thailand) Limited. On 9 February 2005, the company assumed its present name. The principal activity of Sime-Morakot Holdings (Thailand) Limited is an investment holding.

(ii) Share capital

As at the LPD, the authorised share capital of Sime-Morakot Holdings (Thailand) Limited is THB400,000 comprising 1,000 ordinary shares of THB100 each and 3,000 preference shares of THB100 each. The issued share capital of Sime-Morakot Holdings (Thailand) Limited is THB400,000 comprising 1,000 ordinary shares and 3,000 preference shares of THB100 each. The paid-up share capital of Sime-Morakot Holdings (Thailand) Limited is THB100,000 comprising 1,000 ordinary shares and 3,000 preference shares of THB25 each.

There is no change in the issued and paid-up share capital of Sime-Morakot Holdings (Thailand) Limited for the past 3 years up to the LPD.

(iii) Shareholder

All the ordinary shares are held by Sime Darby Plantation Europe Ltd which is our wholly-owned subsidiary. The preference shares are held by Supasak Chirasavinuprapand (2,000 preference shares) and Asanee Mallamphut (1,000 preference shares).

The preference shares are issued with different rights to ordinary shares. The holders of preference shares are entitled to 1 vote for every 10 shares held, whereas holders of ordinary shares are entitled to 1 vote per share 1 held.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of Sime-Morakot Holdings (Thailand) Limited as at the LPD are China Engineers (Thailand) Limited, Morakot Industries and Industrial Enterprises, the details of which are set out in Section 6.3.4 of this Prospectus.

As at the LPD, Sime-Morakot Holdings (Thailand) Limited does not have any associate or joint venture.

6.3.3.2 Sime Darby Plantation Investment (Liberia) Private Limited (Company no. 200905318R)

(i) History and business

Sime Darby Plantation Investment (Liberia) Private Limited was incorporated in Singapore under the Companies Act (Cap. 50) of Singapore on 25 March 2009 as a private company limited by shares. The principal activity of Sime Darby Plantation Investment (Liberia) Private Limited is investment holding. It commenced its business on 25 March 2009.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Sime Darby Plantation Investment (Liberia) Private Limited is SGD1 comprising 1 ordinary share.

There is no change in the issued and paid-up share capital of Sime Darby Plantation Investment (Liberia) Private Limited for the past 3 years up to the LPD.

(iii) Shareholder

Sime Darby Plantation Investment (Liberia) Private Limited is a wholly-owned subsidiary of Sime Darby Plantation Europe Ltd which in turn is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The direct subsidiary of Sime Darby Plantation Investment (Liberia) Private Limited as at the LPD is SD Plantation (Liberia), the details of which are set out in Section 6.3.7 of this Prospectus.

As at the LPD, Sime Darby Plantation Investment (Liberia) Private Limited does not have any associate or joint venture.

6.3.4 Subsidiary of Sime-Morakot Holdings (Thailand) Limited

6.3.4.1 Morakot Industries (Company no. 0107537001293)

(i) History and business

Morakot Industries was incorporated in Thailand under the Thai Law on 1 October 1981 as a private limited company under the name of ThaiMax Industries Co., Ltd. On 9 April 1990, the company changed its name to Morakot Industries Co. Ltd. On 3 May 1994, the company converted into a public limited company and assumed its present name. The principal activities of Morakot Industries are processing and marketing of edible oil and related products.

(ii) Share capital

As at the LPD, the authorised share capital of Morakot Industries is THB599,172,000 comprising 59,917,200 ordinary shares of THB10 each. The issued and paid-up share capital of Morakot Industries is THB599,017,490 comprising 59,901,749 ordinary shares.

There is no change in the issued and paid-up share capital of Morakot Industries for the past 3 years up to the LPD.

(iii) Shareholders

Morakot Industries is a 50.86%-owned subsidiary of Sime-Morakot Holdings (Thailand) Limited. Sime-Morakot Holdings (Thailand) Limited is a wholly-owned subsidiary of Sime Darby Plantation Europe Ltd which in turn is our wholly-owned subsidiary. The remaining 49.08% and 0.06% equity interest are held by our wholly-owned subsidiary, China Engineers (Thailand) Limited and minority shareholders, respectively.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, Morakot Industries does not have any subsidiary, associate or joint venture.

6.3.5 Subsidiaries of Sime Darby Netherlands B.V.

6.3.5.1 SD Unimills (Company no. 24328835)

(i) History and business

SD Unimills was incorporated in Netherlands under the Law of the Netherlands on 14 December 2001 as a private limited company. The principal activities of SD Unimills are processing and marketing of edible oil and related products.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of SD Unimills is Euro18,000 comprising 18,000 ordinary shares.

There is no change in the issued and paid-up share capital of SD Unimills for the past 3 years up to the LPD.

(iii) Shareholder

SD Unimills is a wholly-owned subsidiary of Sime Darby Netherlands B.V., which in turn is our indirect wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, SD Unimills does not have any subsidiary, associate or joint venture.

6.3.5.2 Sime Darby CleanerG B.V. (Company no. 24398131)

(i) History and business

Sime Darby CleanerG B.V. was incorporated in Netherlands under the Law of the Netherlands on 10 July 2006 as a private limited company under the name of Clean Energy B.V. On 16 October 2007, the company changed its name to CleanerG B.V. On 18 August 2010, the Company assumed its present name. Sime Darby CleanerG B.V. is currently dormant. Its previous principal activity is to produce biodiesel from vegetable oils.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Sime Darby CleanerG B.V. is Euro18,000 comprising 18,000 ordinary shares.

There is no change in the issued and paid-up share capital of Sime Darby CleanerG B.V. for the past 3 years up to the LPD.

(iii) Shareholders

Sime Darby CleanerG B.V. is a wholly-owned subsidiary of Sime Darby Netherlands B.V., which in turn is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, Sime Darby CleanerG B.V. does not have any subsidiary, associate or joint venture.

6.3.6 Subsidiary of Sime Darby Hong Kong Nominees Limited

6.3.6.1 Sime Darby China Oils and Fats Company Limited (Company no. 1070077)

(i) History and business

Sime Darby China Oils and Fats Company Limited (森達美中國油脂(香港)有限公司) was incorporated in Hong Kong under the Companies Ordinance (Chapter 32) on 28 August 2006 as a limited company under the name of Weihai Sime Darby Property Company Limited. On 13 March 2008, the company changed its name to Sime Darby China Edible Oils Investment Company Limited. On 27 March 2008, the company changed its name to Sime Darby China Oils and Fats Company Limited and assumed its present name on 16 September 2008. The principal activity of Sime Darby China Oils & Fats Company Limited is investment holding. It commenced its business on 23 April 2008.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Sime Darby China Oils and Fats Company Limited is HKD100,000,000 comprising 100,000,000 ordinary shares.

There is no change in the issued and paid-up share capital of Sime Darby China Oils and Fats Company Limited for the past 3 years up to the LPD.

(iii) Shareholder

Sime Darby China Oils and Fats Company Limited is a wholly-owned subsidiary of Sime Darby Hong Kong Nominees Limited.

(iv) Subsidiaries, associates and joint ventures

The direct subsidiary of Sime Darby China Oils and Fats Company Limited as at the LPD is Sime Darby Oils and Fats Sdn Bhd.

The associate of Sime Darby China Oils and Fats Company Limited as at the LPD is Dongguan Sime Darby Sinograin Oils and Fats Co, Ltd.

The joint venture of Sime Darby China Oils and Fats Company Limited as at the LPD is Rizhao SD Oils & Fats.

6.3.7 Subsidiary of Sime Darby Plantation Investment (Liberia) Private Limited

6.3.7.1 SD Plantation (Liberia) (Company no. 050762149)

(i) History and business

SD Plantation (Liberia) was incorporated in Liberia under the Liberia Business Corporation Act of 19 May 1976 on 27 March 2009 as a private limited company. The principal activity of SD Plantation (Liberia) is cultivation of oil palm and rubber. It commenced its business on 8 July 2011.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of SD Plantation (Liberia) is USD1 comprising 1 ordinary share.

There is no change in the issued and paid-up share capital of SD Plantation (Liberia) for the past 3 years up to the LPD.

(iii) Shareholder

SD Plantation (Liberia) is a wholly-owned subsidiary of Sime Darby Plantation Investment (Liberia) Private Limited. Sime Darby Plantation Investment (Liberia) Private Limited is a wholly-owned subsidiary of Sime Darby Plantation Europe Ltd which in turn is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, SD Plantation (Liberia) does not have any subsidiary, associate and joint venture.

6.3.8 Subsidiaries of NBPOL

6.3.8.1 GPPOL (Company no. 1000127)

(i) History and business

GPPOL was incorporated in the Solomon Islands under the Solomon Islands (Companies Act) on 15 March 2005 as a private limited company. The principal activities of GPPOL are cultivation of oil palm and processing of palm oil, PK and PKO. It commenced its business on 15 March 2005.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of GPPOL is SBD74,625,000 comprising 37,312,500 ordinary shares.

There is no change in the issued and paid-up share capital of GPPOL for the past 3 years up to the LPD.

(iii) Shareholders

GPPOL is an 80%-owned subsidiary of NBPOL, which in turn is our wholly-owned subsidiary. The remaining 20% equity interest is held by Guadalcanal Plains Resources Development Company Limited.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, GPPOL does not have any subsidiary, associate or joint venture.

6.3.8.2 Kula Palm Oil Limited (Company no. 1-5598)

(i) History and business

Kula Palm Oil Limited was incorporated in PNG under Companies Ordinance 1996 on 18 March 1976 as a private limited company under the name of Popondetta Oil Palm Development Pty Limited. The company had later changed its name to Higaturu Oil Palms Pty. Ltd and subsequently to Pacific Rim Plantations Pty Ltd. On 27 August 1998, the company was re-registered as a company limited by shares under the Companies Act 1997. On 25 May 2006, the company changed its name to CTP (PNG) Limited. On 30 April 2010, the company assumed its present name. The principal activities of Kula Palm Oil Limited are cultivation of oil palm and processing of palm oil, PK and PKO. It commenced its business on 18 March 1976.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Kula Palm Oil Limited is PGK73,312,901 comprising 73,312,901 ordinary shares.

There is no change in the issued and paid-up share capital of Kula Palm Oil Limited for the past 3 years up to the LPD.

(iii) Shareholder

Kula Palm Oil Limited is a wholly-owned subsidiary of NBPOL, which in turn is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

The direct subsidiary of Kula Palm Oil Limited as at the LPD is Poliamba Limited.

As at the LPD, Kula Palm Oil Limited does not have any associate or joint venture.

6.3.8.3 NBOL (Company no. 06627939)

(i) History and business

NBOL was incorporated in England and Wales under the United Kingdom's Companies Act 1985 (as amended by the Companies Act 2006) on 24 June 2008 as a private limited company. The principal activity of NBOL is processing of edible oil and related products. It commenced its business on 24 June 2008.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of NBOL is GBP20,000,002 comprising 20,000,002 ordinary shares of nominal value of GBP1 each.

There is no change in the issued and paid-up share capital of NBOL for the past 3 years up to the LPD.

(iii) Shareholder

NBOL is a wholly-owned subsidiary of NBPOL, which in turn is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, NBOL does not have any subsidiary, associate or joint venture.

6.3.8.4 Ramu Agri (Company no. 1-7054)

(i) History and business

Ramu Agri was incorporated in PNG under the Companies Act (Chapter 146) on 18 October 1978 as a public company limited by shares under the name of Ramu Sugar Limited. On 12 June 1979, the company changed its name to Ramu Sugar Holdings Limited. On 31 August 1998, the company was re-registered as a company limited by shares under the Companies Act 1997. On 28 May 2002, the company changed its name to Ramu Sugar Limited. On 28 September 2007, the company assumed its present name Ramu Agri. The principal activities of Ramu Agri are cultivation of oil palm and sugar cane, processing and sale of palm oil, PKO, sugar and ethanol, cattle rearing and processing of beef. It commenced its business on 18 October 1978.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Ramu Agri is PGK31,048,000 comprising 24,108,000 ordinary shares.

There is no change in the issued and paid-up share capital Ramu Agri for the past 3 years up to the LPD.

(iii) Shareholder

Ramu Agri is a wholly-owned subsidiary of NBPOL, which in turn is our wholly-owned subsidiary.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, Ramu Agri does not have any subsidiary, associate or joint venture.

6.3.9 Subsidiary of Ultra Oleum Pte Ltd

6.3.9.1 Verdant Bioscience (Company no. 201324031E)

(i) History and business

Verdant Bioscience was incorporated in Singapore under the Companies Act (Cap. 50) of Singapore on 5 September 2013 as a private company limited by shares. The principal activities of Verdant Bioscience are agriculture science and research. It commenced its business on 5 September 2013.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Verdant Bioscience is USD60,000,000 comprising 500,000 ordinary shares.

There is no change in the issued and paid-up share capital Verdant Bioscience for the past 3 years up to the LPD.

(iii) Shareholders

Verdant Bioscience is a 52%-owned subsidiary of Ultra Oleum Pte Ltd. Ultra Oleum Pte Ltd is a wholly-owned subsidiary of New Britain Plantation Services Pte Ltd which in turn is our wholly-owned subsidiary. The remaining 38% and 10% equity interest are held by SIPEF N.V. and Biosing Pte Ltd, respectively.

(iv) Subsidiaries, associates and joint ventures

The direct subsidiary of Verdant Bioscience as at the LPD is PT Timbang Deli Indonesia.

As at the LPD Verdant Bioscience does not have any associate or joint venture.

6.3.10 Subsidiaries of Mulligan International B.V.

6.3.10.1 PT MGG (Company no. 09.05.1.70.70738)

(i) History and business

PT MGG was incorporated in Indonesia under the laws of the republic of Indonesia on 26 November 1988 as a private limited liability company. The principal activity of PT MGG is investment holding.

(ii) Share capital

As at the LPD, the authorised share capital of PT MGG is IDR500,000,000,000 comprising 500,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT MGG is IDR391,088,000,000 comprising 391,088 ordinary shares.

There is no change in the issued and paid-up share capital of PT MGG for the past 3 years up to the LPD.

(iii) Shareholders

PT MGG is a 99.999%-owned subsidiary of Mulligan International B.V., which in turn is our wholly-owned subsidiary. The remaining 0.001% equity interest is held by our wholly-owned subsidiary, Guthrie International Investments (L) Ltd.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of PT MGG as at the LPD are PT Perkasa Subur Sakti, PT Ladangrumpun Suburabadi, PT LMR, PT Lahan Tani Sakti, PT SAA, PT BSC and PT Indo Sukses Lestari Makmur, the details of which are set out in Section 6.3.15 of this Prospectus.

As at the LPD, PT MGG does not have any associate or joint venture. However, PT AIP, PT Asricipta Indah, PT BSS, PT Indotruba Tengah, PT KIP, PT LMI, PT PSA and PT Sritijaya Abaditama are our subsidiaries held through PT MGG and PT ASM, the details of which are set out in Section 6.3.14 of this Prospectus.

6.3.10.2 PT ASM (Company no. 09.05.1.70.70728)

(i) History and business

PT ASM was incorporated in Indonesia under the laws of the republic of Indonesia on 30 January 1988 as a private limited liability company. The principal activity of PT ASM is investment holding.

(ii) Share capital

As at the LPD, the authorised share capital of PT ASM is IDR500,000,000,000 comprising 500,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT ASM is IDR337,774,000,000 comprising 337,774 ordinary shares.

There is no change in the issued and paid-up share capital of PT ASM for the past 3 years up to the LPD.

(iii) Shareholders

PT ASM is a 99.999%-owned subsidiary of Mulligan International B.V., which in turn is our wholly-owned subsidiary. The remaining 0.001% equity interest is held by our wholly-owned subsidiary, Guthrie International Investments (L) Ltd.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, the direct subsidiaries of PT ASM are PT TSA , PT BNS, PT GHN, PT KLR and PT SHE, the details of which are set out in Section 6.3.16 of this Prospectus.

As at the LPD, PT ASM does not have any associate or joint venture. However, PT AIP, PT Asricipta Indah, PT BSS, PT Indotruba Tengah, PT KIP, PT LMI, PT PSA and PT Sritijaya Abaditama are our subsidiaries held through PT MGG and PT ASM, the details of which are set out in Section 6.3.14 of this Prospectus.

6.3.11 Subsidiary of PT KIP

6.3.11.1 PT TMP (Company no. 09.05.1.01.68572)

(i) History and business

PT TMP was incorporated in Indonesia under the laws of the Republic of Indonesia on 22 May 1980 as a private limited liability company. The principal activities of PT TMP are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT TMP is IDR23,750,000,000 comprising 23,750 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT TMP is IDR23,750,000,000 comprising 23,750 ordinary shares.

There is no change in the issued and paid-up share capital of PT TMP for the past 3 years up to the LPD.

(iii) Shareholders

PT TMP is a 99%-owned subsidiary of PT KIP and the remaining 1% equity interest is held by our indirect 60%-owned subsidiary, PT Sritijaya Abaditama. PT MGG and PT ASM each own 30% equity interest in PT KIP. PT MGG and PT ASM are both 99.999%-owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT TMP does not have any subsidiary, associate or joint venture.

6.3.12 Subsidiary of PT Ladangrumpun Suburabadi

6.3.12.1 PT MAS (Company no. 14.03.1.01.01286)

(i) History and business

PT MAS was incorporated in Indonesia under the laws of the republic of Indonesia on 15 July 1996 as a private limited liability company. The principal activities of PT MAS are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT MAS is IDR64,120,896,000 comprising 272,160 ordinary shares of IDR235,600 each. The issued and paid-up share capital of PT MAS is IDR44,898,763,200 comprising 190,572 ordinary shares.

There is no change in the issued and paid-up share capital of PT MAS for the past 3 years up to the LPD.

(iii) Shareholders

PT MAS is a 65%-owned subsidiary of PT Ladangrumpun Suburabadi and the remaining 35% equity interest is held by PT Pontimakmur Sejahtera. PT Ladangrumpun Suburabadi is a 50.01%-owned subsidiary of PT MGG. PT MGG is 99.999% owned subsidiary of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT MAS does not have any subsidiary, associate or joint venture.

6.3.13 Subsidiaries of PT Perkasa Subur Sakti

6.3.13.1 PT MPS (Company no. 09.05.1.46.72858)

(i) History and business

PT MPS was incorporated in Indonesia under the laws of the republic of Indonesia on 25 June 1984 as a private limited liability company. The principal activitiy of PT MPS is investment holding.

(ii) Share capital

As at the LPD, the authorised share capital of PT MPS is IDR100,000,000 comprising 100 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT MPS is IDR100,000,000 comprising 100 ordinary shares.

There is no change in the issued and paid-up share capital of PT MPS for the past 3 years up to the LPD.

(iii) Shareholders

PT MPS is a 55%-owned subsidiary of PT Perkasa Subur Sakti and the remaining 45% equity interest is held by our indirect wholly-owned subsidiary, PT MGG. PT Perkasa Subur Sakti is a 50.01%-owned subsidiary of PT MGG and the remaining 49.99% equity interest in the same is held by PT ASM. PT MGG and PT ASM are both 99.999%-owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, the subsidiary of PT MPS is PT BGR, the details of which are set out in Section 6.3.17.1 of this Prospectus.

As at the LPD, PT MPS does not have any associate or joint venture.

6.3.13.2 PT TGK (Company no. 09.05.1.01.69466)

(i) History and business

PT TGK was incorporated in Indonesia under the laws of the republic of Indonesia on 21 August 1982 as a private limited liability company. The principal activities of PT TGK are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT TGK is IDR17,400,000,000 comprising 17,400 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT TGK is IDR17,400,000,000 comprising 17,400 ordinary shares.

There is no change in the issued and paid-up share capital of PT TGK for the past 3 years up to the LPD.

(iii) Shareholders

PT TGK is a 90%-owned subsidiary of PT Perkasa Subur Sakti and the remaining 10% equity interest is held by Isman Ayub. PT Perkasa Subur Sakti is a 50.01%-owned subsidiary of PT MGG and the remaining 49.99% equity interest in the same is held by PT ASM. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT TGK does not have any subsidiary, associate or joint venture.

6.3.14 Our subsidiaries held through PT MGG and PT ASM

6.3.14.1 PT PSA (Company no. 09.05.1.01.73987)

(i) History and business

PT PSA was incorporated in Indonesia under the laws of the republic of Indonesia on 28 February 1989 as a private limited liability company. The principal activities of PT PSA are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT PSA is IDR70,000,000,000 comprising 70,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT PSA is IDR68,897,000,000 comprising 68,897 ordinary shares.

There is no change in the issued and paid-up share capital of PT PSA for the past 3 years up to the LPD.

(iii) Shareholders

PT MGG and PT ASM own 46.73% and 46.74% equity interest in PT PSA, respectively. The remaining 6.53% equity interest in PT PSA is held by PT LMR. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT PSA does not have any subsidiary, associate or joint venture.

6.3.14.2 PT AIP (Company No. 09.05.1.01.68578)

(i) History and business

PT AIP was incorporated in Indonesia under the laws of the republic of Indonesia on 31 August 1989 as a private limited liability company. The principal activities of PT AIP are cultivation of oil palm and processing of palm oil and PK. It commenced its business on 31 August 1989.

(ii) Share capital

As at the LPD, the authorised share capital of PT AIP is IDR30,720,000,000 comprising 30,720 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT AIP is IDR26,000,000,000 comprising 26,000 ordinary shares.

There is no change in the issued and paid-up share capital of PT AIP for the past 3 years up to the LPD.

(iii) Shareholders

PT MGG and PT ASM each own 50% equity interest in PT AIP. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of PT AIP as at the LPD are PT GPI and PT ASL.

As at the LPD, PT AIP does not have any associate or joint venture.

6.3.14.3 PT KIP (Company No. 09.05.1.46.82817)

(i) History and business

PT KIP was incorporated in Indonesia under the laws of the republic of Indonesia on 27 February 1986 as a private limited liability company. The principal activity of PT KIP is investment holding. It commenced its business on 27 February 1986.

(ii) Share capital

As at the LPD, the authorised share capital of PT KIP is IDR23,750,000,000 comprising 23,750 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT KIP is IDR23,750,000,000 comprising 23,750 ordinary shares.

There is no change in the issued and paid-up share capital of PT KIP for the past 3 years up to the LPD.

(iii) Shareholders

PT MGG and PT ASM each own 30% equity interest in PT KIP. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries. The remaining 40% equity interest in PT KIP is held by Induk Koperasi Purnawirawan Dan Warakawuri TNI-POLRI and Induk Koperasi Kartika.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, the subsidiary of PT KIP is PT Tunggal Mira Plantations.

As at the LPD, PT KIP does not have any associate or joint venture.

6.3.14.4 PT LMI (Company No. 09.05.1.01.06074)

(i) History and business

PT LMI was incorporated in Indonesia under the laws of the republic of Indonesia on 25 February 1989 as a private limited liability company. The principal activities of PT LMI are cultivation of oil palm and processing of palm oil, PK and PKO.

(ii) Share capital

As at the LPD, the authorised share capital of PT LMI is IDR50,000,000,000 comprising 50,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT LMI is IDR47,727,000,000 comprising 47,727 ordinary shares.

There is no change in the issued and paid-up share capital of PT LMI for the past 3 years up to the LPD.

(iii) Shareholders

PT MGG and PT ASM each own 44.28% equity interest in PT LMI, and the remaining 11.44% equity interest in the same is held by Jakob Tobing. PT MGG and PT ASM are both 99.999%-owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT LMI does not have subsidiary, associate or joint venture.

6.3.14.5 PT BSS (Company No. 09.05.1.01.69465)

(i) History and business

PT BSS was incorporated in Indonesia under the laws of the republic of Indonesia on 25 June 1984 as a private limited liability company. The principal activities of PT BSS are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT BSS is IDR75,000,000,000 comprising 75,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT BSS is IDR74,453,000,000 comprising 74,453 ordinary shares.

There is no change in the issued and paid-up share capital of PT BSS for the past 3 years up to the LPD.

(iii) Shareholders

PT MGG and PT ASM own 35.7% and 29.25% equity interest in PT BSS, respectively. The remaining 29.08% and 5.97% equity interest in PT BSS are held by our 90%-owned subsidiaries, PT Asricipta Indah and Budi Darmono, respectively. PT MGG and PT ASM are both 99.999%-owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT BSS does not have any subsidiary, associate or joint venture.

6.3.15 Subsidiaries of PT MGG

6.3.15.1 PT SAA (Company no. 09.05.1.01.69503)

(i) History and business

PT SAA was incorporated in Indonesia under the laws of the republic of Indonesia on 28 February 1989 as a private limited liability company. The principal activities of PT SAA are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT SAA is IDR30,000,000,000 comprising 30,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT SAA is IDR28,026,000,000 comprising 28,026 ordinary shares.

There is no change in the issued and paid-up share capital of PT SAA for the past 3 years up to the LPD.

(iii) Shareholders

PT SAA is a 55.94%-owned subsidiary of PT MGG and the remaining 44.06% equity interest is held by our indirect wholly-owned subsidiary, PT ASM. PT MGG and PT ASM are both 99.999%-owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT SAA does not have any subsidiary, associate or joint venture.

6.3.15.2 PT BSC (Company No. 09.05.1.01.69502)

(i) History and business

PT BSC was incorporated in Indonesia under the laws of the republic of Indonesia on 27 June 1980 as a private limited liability company. The principal activities of PT BSC are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT BSC is IDR56,000,000,000 comprising 56,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT BSC is IDR55,263,000,000 comprising 55,263 ordinary shares.

There is no change in the issued and paid-up share capital of PT BSC for the past 3 years up to the LPD.

(iii) Shareholders

PT BSC is a 52.52%-owned subsidiary of PT MGG and the remaining 47.48% equity interest is held by our indirect wholly-owned subsidiary, PT ASM. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT BSC does not have any subsidiary, associate or joint venture.

6.3.15.3 PT LMR (Company No. 09.05.1.01.69536)

(i) History and business

PT LMR was incorporated in Indonesia under the laws of the republic of Indonesia on 20 February 1989 as a private limited liability company. The principal activities of PT LMR are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT LMR is IDR40,000,000,000 comprising 40,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT LMR is IDR35,901,000,000 comprising 35,901 ordinary shares.

There is no change in the issued and paid-up share capital of PT LMR for the past 3 years up to the LPD.

(iii) Shareholders

PT LMR is a 56.48%-owned subsidiary of PT MGG and the remaining 43.52% equity interest is held by our indirect wholly-owned subsidiary, PT ASM. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT LMR does not have any subsidiary, associate or joint venture.

6.3.16 Subsidiaries of PT ASM

6.3.16.1 PT TSA (Company no. 09.05.1.01.69454)

(i) History and business

PT TSA was incorporated in Indonesia under the laws of the republic of Indonesia on 24 October 1988 as a private limited liability company. The principal activities of PT TSA are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT TSA is IDR40,000,000,000 comprising 40,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT TSA is IDR28,401,000,000 comprising 28,401 ordinary shares.

There is no change in the issued and paid-up share capital of PT TSA for the past 3 years up to the LPD.

(iii) Shareholders

PT TSA is a 50.01%-owned subsidiary of PT ASM and the remaining 49.99% equity interest is held by our indirect wholly-owned subsidiary, PT MGG. PT ASM and PT MGG are both 99.999%-owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT TSA does not have any subsidiary, associate or joint venture.

6.3.16.2 PT BNS (Company No. 09.05.1.01.68432)

(i) History and business

PT BNS was incorporated in Indonesia under the laws of the republic of Indonesia on 30 January 1988 as a private limited liability company. The principal activities of PT BNS are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT BNS is IDR60,000,000,000 comprising 60,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT BNS IDR41,366,000,000 comprising 41,366 ordinary shares.

There is no change in the issued and paid-up share capital of PT BNS for the past 3 years up to the LPD.

(iii) Shareholders

PT BNS is a 54.12%-owned subsidiary of PT ASM and the remaining 45.88% equity interest is held by our indirect wholly-owned subsidiary, PT MGG. PT ASM and PT MGG are both 99.999%-owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT BNS does not have any subsidiary, associate or joint venture.

6.3.16.3 PT GHN (Company No. 09.05.1.10.68584)

(i) History and business

PT GHN was incorporated in Indonesia under the laws of the republic of Indonesia on 6 June 2001 as a private limited liability company. The principal activity of PT GHN is processing of palm oil products.

(ii) Share capital

As at the LPD, the authorised share capital of PT GHN is IDR251,394,000,000 comprising 220,000 ordinary shares of IDR1,142,700 each. The issued and paid-up share capital of PT GHN is IDR251,394,000,000 comprising 220,000 ordinary shares.

The changes in the issued and paid-up share capital of PT GHN for the past 3 years up to the LPD are as follows:

Date of allotment	No. of shares	Consideration	Cumulative issued and paid-up share capital
			IDR
19 December 2016	60,000	Cash	251,394,000,000

(iii) Shareholders

PT GHN is a 69.09%-owned subsidiary of PT ASM and the remaining 27.27% equity interest and 3.64% equity interest are held by our indirect wholly-owned subsidiaries, PT PSA and PT Ladangrumpun Suburabadi, respectively. PT ASM is 99.999%-owned subsidiary of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT GHN does not have any subsidiary, associate or joint venture.

6.3.16.4 PT SHE (Company no. 09.05.1.01.69452)

(i) History and business

PT SHE was incorporated in Indonesia under the laws of the republic of Indonesia on 5 November 1983 as a private limited liability company. The principal activities of PT SHE are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT SHE is IDR30,000,000,000 comprising 30,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT SHE is IDR28,153,000,000 comprising 28,153 ordinary shares.

There is no change in the issued and paid-up share capital of PT SHE for the past 3 years up to the LPD.

(iii) Shareholders

PT SHE is a 50.01%-owned subsidiary of PT ASM and the remaining 49.99% equity interest is held by PT MGG. PT MGG and PT ASM are both 99.999% owned subsidiary of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT SHE does not have any subsidiary, associate or joint venture.

6.3.16.5 PT KLR (Company No. 09.05.1.01.69453)

(i) History and business

PT KLR was incorporated in Indonesia under the laws of the republic of Indonesia on 24 October 1988 as a private limited liability company. The principal activities of PT KLR are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT KLR is IDR40,000,000,000 comprising 40,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT KLR is IDR28,192,000,000 comprising 28,192 ordinary shares.

There is no change in the issued and paid-up share capital of PT KLR for the past 3 years up to the LPD.

(iii) Shareholders

PT KLR is a 50.01%-owned subsidiary of PT ASM and the remaining 49.99% equity interest is held by PT MGG. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of PT KLR as at the LPD are PT Sandika Natapalma and PT Budidaya Agro Lestari.

As at the LPD, PT KLR does not have any associate or joint venture.

6.3.17 Subsidiary of PT MPS

6.3.17.1 PT BGR (Company No. 09.05.1.01.78228)

(i) History and business

PT BGR was incorporated in Indonesia under the laws of the republic of Indonesia on 4 March 1981 as a private limited liability company. The principal activities of PT BGR are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT BGR is IDR15,000,000,000 comprising 15,000 ordinary shares of IDR1,000,000 each. The issued and paid-up share capital of PT BGR is IDR15,000,000,000 comprising 15,000 ordinary shares.

There is no change in the issued and paid-up share capital of PT BGR for the past 3 years up to the LPD.

(iii) Shareholders

PT BGR is a 99.0%-owned subsidiary of PT MPS and the remaining 1.0% equity interest is held by PT Sentosa Subur Abadi. PT MPS is a 55.0%-owned subsidiary of PT Perkasa Subur Sakti. PT Perkasa Subur Sakti is a 50.01%-owned subsidiary of PT MGG and the remaining 49.99% equity interest is held by PT ASM. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT BGR does not have any subsidiary, associate or joint venture.

6.3.18 Subsidiary of PT AIP

6.3.18.1 PT GPI (Company No. 09.05.1.01.70668)

(i) History and business

PT GPI was incorporated in Indonesia under the laws of the republic of Indonesia on 13 October 1995 as a private limited liability company. The principal activities of PT GPI are cultivation of oil palm and processing of palm oil and PK.

(ii) Share capital

As at the LPD, the authorised share capital of PT GPI is IDR45,180,000,000 comprising 20,000 ordinary shares of IDR2,259,000 each. The issued and paid-up share capital of PT GPI is IDR45,180,000,000 comprising 20,000 ordinary shares.

There is no change in the issued and paid-up share capital of PT GPI for the past 3 years up to the LPD.

(iii) Shareholders

PT GPI is a 95%-owned subsidiary PT AIP and the remaining 5% equity interest is held by our indirect wholly-owned subsidiary, PT BSC. PT MGG and PT ASM each own 50% equity interest in PT AIP. PT MGG and PT ASM are both 99.999% owned subsidiaries of Mulligan International B.V. with the remaining 0.001% equity interest owned by Guthrie International Investments (L) Ltd. Mulligan International B.V. and Guthrie International Investments (L) Ltd are both our wholly-owned subsidiaries.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, PT GPI does not have any subsidiary, associate or joint venture.

6.3.19 Our material joint ventures

6.3.19.1 Emery Malaysia (Company no. 63112-D)

(i) History and business

Emery Malaysia was incorporated in Malaysia under the Companies Act 1965 on 6 October 1980 as a private limited company under the name of Henkel Oleochemicals (Malaysia) Sdn Bhd and is deemed registered under the Act. On 16 September 1999, the company changed its name to Cognis Oleochemicals (M) Sdn Bhd. On 12 May 2009, the company assumed its present name. The principal activities of Emery Malaysia are investment holding and production of oleochemicals and derivatives.

(ii) Share capital

As at the LPD, the issued share capital of Emery Malaysia is RM467,142,500 comprising 467,142,500 ordinary shares.

The changes in the issued share capital of Emery Malaysia for the past 3 years up to the LPD are as follows:

Date of allotment	No. of shares	Consideration	Cumulative issued share capital
			RM
6 November 2014	16,330,500	Cash	446,942,500
15 December 2014	20,200,000	Cash	467,142,500

(iii) Shareholder

Emery Malaysia is our joint venture. Emery Malaysia is 50.0% directly owned by PTT Chemical International Private Limited and 50.0% directly owned by us.

(iv) Subsidiaries, associates and joint ventures

The subsidiaries of Emery Malaysia as at the LPD are Emery Oleochemicals (HK) Ltd, Emery Oleochemicals UK Limited, Emery Oleochemicals Rika (M) Sdn Bhd and Emeryoleo Specialties (M) Sdn Bhd.

As at the LPD, Emery Malaysia does not have any associate or joint venture.

6.3.19.2 Emery Marketing (Company no. 17069-P)

(i) History and business

Emery Marketing was incorporated in Malaysia under the Companies Act 1965 on 8 January 1974 as a private limited company under the name of Henkel Chemicals (Malaysia) Sdn Bhd and is deemed registered under the Act. On 16 September 1999, the company changed its name to Cognis Chemicals (M) Sdn Bhd. On 18 September 2006, the company changed its name to Cognis Oleochemicals Marketing (M) Sdn Bhd. On 25 May 2009, the company assumed its present name. The principal activities of Emery Marketing are production and sale of sodium lauryl sulpate, sodium lauryl ether sulphate and other oleochemical derivatives.

(ii) Share capital

As at the LPD, the issued share capital of Emery Marketing is RM67,993,620 comprising 67,993,620 ordinary shares.

There is no change in the issued and paid-up share capital of Emery Marketing for the past 3 years up to the LPD.

(iii) Shareholder

Emery Marketing is our joint venture. Emery Marketing is 100% directly owned by Emery Specialty Chemicals Sdn Bhd.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, Emery Marketing does not have any subsidiary, associate or joint venture.

6.3.19.3 Emery U.S. (Company no. 32-0131687)

(i) History and business

Emery U.S. was incorporated in the United States of America under the Delaware Limited Liability Company Act on 2 June 2005 as a private limited liability company under the name of Cognis Oleochemicals LLC. On 13 May 2009, the company assumed its present name. The principal activities of Emery U.S. are production, sales, distribution and trading of oleochemical or other chemical products.

(ii) Share capital

As at the LPD, the aggregate capital contribution to Emery U.S. is USD65,711,000.
There has been no additional capital contributed to Emery U.S. for the past 3 years up to the LPD.

(iii) Shareholder

Emery Oleochemicals UK Limited is the sole member of Emery U.S.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, Emery U.S. does not have any subsidiary, associate or joint venture.

6.3.19.4 Rizhao SD Oils & Fats (Company no. 91371100683216870A)

(i) History and business

Rizhao SD Oils & Fats was incorporated in the People's Republic of China ("**China**") under the China's Company Law on 17 December 2008 as a limited liability company (Sino Foreign Joint Venture). The principal activities of Rizhao SD Oils & Fats are storage and marketing of palm oil related products. It commenced its business on 17 December 2008.

(ii) Registered capital

On 7 July 2015, Rizhao SD Oils & Fats increased its registered capital from USD29,980,000 to USD44,970,000.

As at the LPD, the registered capital of Rizhao SD Oils & Fats is USD44,970,000. The paid-up capital of Rizhao SD Oils & Fats is USD29,980,000.

(iii) Shareholder

Rizhao SD Oils & Fats is our joint venture. Rizhao SD Oils & Fats is 55%-owned by Sino Fortune (Rizhao) Agriculture Co Ltd (日照华孚农业有限公司) and 45%-owned by Sime Darby China Oils and Fats Company Limited.

(iv) Subsidiaries, associates and joint ventures

As at the LPD, Rizhao SD Oils & Fats does not have any subsidiary, associate or joint venture.

For the past 3 years up to the LPD, none of our Shares and the shares in our material subsidiaries, associates and joint ventures were issued and allotted at a discount or have any special terms. Our issued Shares and the issued shares in our subsidiaries are fully paid-up.

Save as disclosed in Section 6.3 of this Prospectus and save for PT Budidaya Agro Lestari, PT Indo Sukses Lestari Makmur, Sime Darby TNBES Renewable Energy Sdn Bhd, MyBiomass, Verdezyne and Emery Aekyung Sdn Bhd, there is no change in the authorised, issued and/or paid-up share capital of our other subsidiaries, associates and joint ventures for the past 3 years up to the LPD.

As at the LPD, neither our Company nor our material subsidiaries, associates and joint ventures are involved in any winding up, receivership or similar proceedings.

7. BUSINESS OVERVIEW

7.1 OVERVIEW

We are the world's largest oil palm plantation company by planted area, accounting for about 4% of total global production of CPO in 2016, with a strong focus on operational excellence, research, innovation and sustainability. As at the LPD, we have 602,454 Ha of land planted with oil palm, and production of about 2.48 million MT of CPO for the FYE 30 June 2017. We are a globally integrated plantation company, involved in the entire span of the palm oil value chain, from upstream to downstream activities, R&D, renewables and agribusiness. We are also involved in rubber and sugarcane plantations as well as cattle rearing.

Our primary activities involve:

Upstream:

- developing, cultivating and managing oil palm, rubber and sugarcane plantation estates;
- milling of FFB into CPO and PK, processing and sales of rubber and sugarcane; and
- cattle rearing and beef production.

Downstream:

- crushing of PK into CPKO and PKE;
- production and sales of bulk and refined oils and fats (which includes specialty and end-user oils and fats); and
- production and sales of nutraceutical products (which includes nutritional supplements such as tocotrienols, and animal nutrition products), oleochemicals, biodiesel products and derivatives.

Others:

- other activities including agricultural products and services, production and sales of oil palm seeds and seedlings, research and breeding programmes of oil palm and rubber with special focus on genome science; and
- renewables business with a focus on development of green technology and renewable energy which includes bio-based chemicals, biogas and composting.

In upstream, we operate and manage 248 plantation estates and 72 palm oil mills located in Malaysia, Indonesia, PNG and the Solomon Islands, and Liberia. As at the LPD, we have a total landbank of 983,528 Ha, of which 602,454 Ha is planted with oil palm, 13,478 Ha with rubber and 5,613 Ha with sugarcane. We also have a total of 8,956 Ha of land allocated for cattle rearing.

The table below summarises our key assets as at the LPD:

	Malaysia	Indonesia	PNG and the Solomon Islands	Liberia	TOTAL
Landbank (Ha)	343,938[(1)]	279,691[(2)]	139,899	220,000	983,528
Total planted (Ha)	314,932[(1)]	203,950	101,111[(3)]	10,508	630,501[(3)]
Oil palm (Ha)					
- Mature	251,713	161,013	76,608	9,356	498,690
- Immature	51,616	41,169	9,934	1,045	103,764

	Malaysia	Indonesia	PNG and the Solomon Islands	Liberia	TOTAL
- Total planted	303,329	202,182	86,542	10,401	602,454
Rubber (Ha)	11,603	1,768	-	107	13,478
Sugarcane (Ha)	-	-	5,613	-	5,613
Plantation estates	124	69	50	5	248
Palm oil mills	35	24	12	1	72
Crushing plants	2	2	6	-	11[(4)]
Crushing plants capacity (MT/year)	312,000	105,000	152,640	-	701,640[(4)]

Notes:

(1) Our landbank in Melaka will be reduced by 148.17 Ha (366.13 acres) upon completion of the sale and purchase agreement dated 25 October 2017. Please refer to Section 15.6(iv) of this Prospectus for details of the said transaction.
(2) Excludes greenfield land of around 20,000 Ha, whereby the acquisition of a 90% equity stake in an Indonesian company that was entered into in 2014 was recently completed after the LPD.
(3) Includes 8,956 Ha of land for cattle rearing.
(4) Includes a soya crushing plant in Thailand with capacity of 132,000 MT per year.

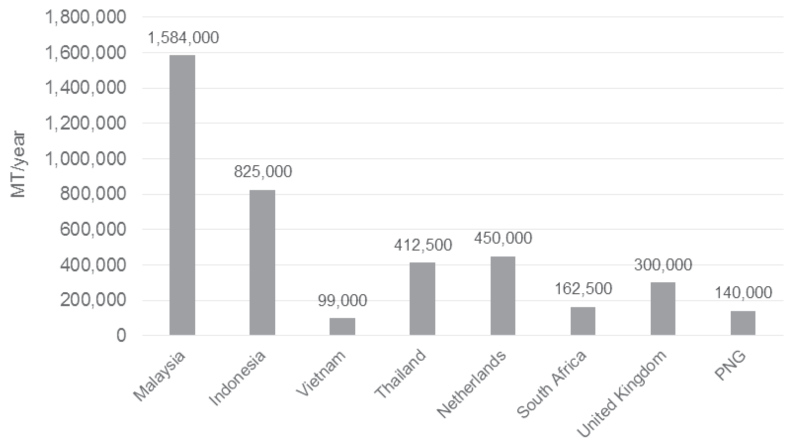
The table below summarises our production volume and extraction rates for the FYE 30 June 2017:

	Malaysia	Indonesia	PNG and the Solomon Islands	Liberia	TOTAL
FFB production (MT/year)	5,293,071	2,671,576	1,792,361	27,038	9,784,046
FFB yield per mature Ha (MT/Ha)	20.76	16.03	23.88	4.04	19.44
CPO production (MT/year)	1,200,041	723,724	548,526	5,691	2,477,982
OER (%)	20.56	21.30	23.10	18.73	21.29
PK production (MT/year)	289,120	158,810	136,048	181	584,159
KER (%)	4.95	4.67	5.73	2.48	5.02

In line with our commitment to be a leader in sustainability, we are now the world's largest producer of CSPO, with around 20% market share of the world production by capacity as at the LPD. We are also one of the founding members of RSPO, a global multi-stakeholder initiative that ensures companies take ownership in producing sustainable palm oil. As at the LPD, all of our 33 SOUs in Malaysia (except for 2 oil palm estates and 1 palm oil mill in Johor), and 6 SOUs in PNG and the Solomon Islands are 100% RSPO certified, while 22 of our 23 SOUs in Indonesia are RSPO certified and our SOU in Liberia is due to be certified in 2018. For the FYE 30 June 2017, about 98% of our Group's CPO production, totalling about 2.43 million MT is CSPO.

Our downstream operations, inclusive of sales and marketing offices, are spread across 16 countries. Our operating assets include 12 refineries (3,973,000 MT), 10 KCPs (569,640 MT), 1 soya crushing plant (132,000 MT), 1 biodiesel plant (60,000 MT), 14 bulking installations (about 300,000 MT) and 3 oleochemical plants, through our joint venture in Emery (663,000 MT).

The diagram below sets out our refinery capacities by country as at the LPD:



7.2 COMPETITIVE STRENGTHS

7.2.1 We are well-positioned to benefit from strong industry fundamentals and demand growth trends

Palm oil and PKO are the most widely consumed and fastest growing vegetable oil globally, accounting for up to 38% of the 183.6 million MT of vegetable oil consumed in 2016. Global consumption of palm oil has been growing at around 4.4% CAGR from 2012 to 2016. This has exceeded the growth in global production of CPO of around 2.2% CAGR over the same period. India, Indonesia, European Union and China collectively accounted for about 49% of the total consumption of palm oil in 2016. India is the world's largest consumer of palm oil accounting for 15% of the global demand. It is expected that India and China will continue to drive the demand for palm oil in food consumption, with a projected CAGR of 5.5% and 2.7%, respectively from 2017 to 2022.

Our market reach extends to all the top 5 palm oil consuming countries/region, i.e. India, Indonesia, European Union, China and Malaysia. As at December 2016, Malaysia and Indonesia, where we have upstream operations, are key consumers of palm oil at 18.9% of the global consumption of palm oil of about 62.5 million MT. Demand for palm oil in these 2 countries has grown steadily at a CAGR of 7.9% for the period 2010 to 2016, while CPO production from these 2 countries has only grown at a CAGR of 3.7% during the same period.

Such demand growth is driven mainly by increasing population (CAGR for population growth from 1990 to 2015 for both global and Asia is 1.3%) and improved standards of living (CAGR for global and Asian gross domestic product from 1990 to 2015 is 5.3% and 5.5%, respectively). The global population is expected to reach 8.5 billion by 2030 and 9.7 billion by 2050. As a result, the global average daily energy supply ("**DES**") is projected to increase from 2,772 kilocalories per day ("**kcal/day**") during the period of 2005 to 2007 to 3,070 kcal/day by 2050, representing an increase of DES by 11%. To meet this increase in energy intake demand, the global food production will need to increase by about 60% by 2050 from the period of 2005 to 2007.

Further, palm oil demand in the United States is expected to grow by about 220,000 MT annually subsequent to the ban on trans-fats in June 2018.

In the non-food sector, Frost & Sullivan projects the consumption of oleochemical products such as soaps and detergents, rubber products, personal care products and ingredients, flavours and fragrances, and candles to increase from 11.7 million MT in 2016 to 14.3 million MT in 2022 (CAGR of 3.4%). Bio-based chemicals are becoming increasingly popular amid global concerns over long-term availability of traditional finite feedstocks for chemicals, such as crude oil and natural gas. Technological breakthrough and increasing market demand for bio-based chemicals are likely to broaden the applications of palm oil and its demand within the non-food sector.

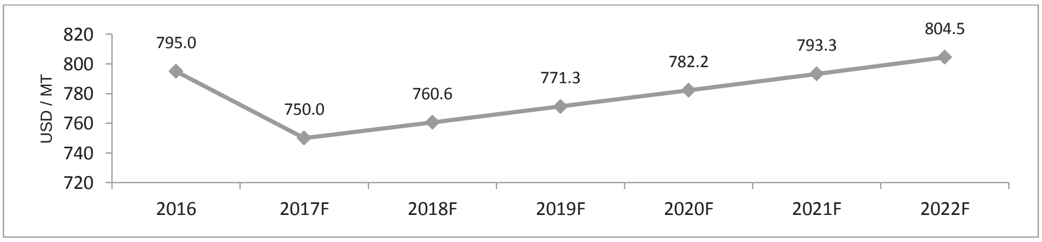
Increasing consumer awareness on health, food safety and sustainability, and sustainability commitments from multinational conglomerates, particularly FMCG companies, have driven market demand for sustainably produced palm oil products over the last few years. The global sustainable CPO volumes are estimated to reach close to 11.0 million MT by 2020 as compared to 5.3 million MT in 2014. In addition, the requirement of certification for sustainably produced palm oil also indirectly acts as a barrier to entry. As the world's largest producer of CSPO, we are well-positioned to benefit from this trend.

In terms of supply, palm oil is the most efficient vegetable oil to be produced in terms of yield per Ha at almost 7.6 times more oil compared to its closest substitute, soybean oil. While oil palm accounts for only 6.6% of harvested area across the top 10 global oilseed cultivation, palm oil and PKO produce about 36.7% of the 177.8 million MT in global vegetable oils and fats production as at December 2016.

Palm oil supply is constrained by natural factors as the optimum geographical range for planting of oil palm is within 5° to 10° off either side of the Equator. In addition, oil palm requires an evenly distributed rainfall of about 2,000 mm per year, the absence of a distinct dry season and a temperature range of 25ºC - 33ºC. As a result of these factors, Malaysia and Indonesia together, represent about 83% of global CPO production in 2016. As about 84% of our oil palm planted landbank are in these countries, we are well-positioned to capitalise on these natural factors. In view of these natural constraints, the potential for long-term expansion of landbank for oil palm is limited, hence presenting a natural barrier for inorganic supply growth and should benefit existing players in the industry.

The strong demand and supply fundamentals of palm oil have resulted in a relatively high average price for CPO. The average CIF-Rotterdam CPO price from 2011 to 2016 was USD854 per MT. As a comparison, the 5-year average CIF-Rotterdam CPO price from 1996 to 2001 was USD406 per MT.

The average CIF-Rotterdam CPO price from 2016 to 2022 is projected to be as follows:



Source: World Bank Commodity Price Data, April 2017

7.2.2 We are the world's largest oil palm plantation company by oil palm planted area with a wide and diverse geographical reach and we are the world's largest CSPO producer

7.2.2.1 We have the ability to leverage on volume and economies of scale

As at the LPD, our total oil palm planted area is 602,454 Ha with 303,329 Ha in Malaysia, 202,182 Ha in Indonesia, 86,542 Ha in PNG and the Solomon Islands, and 10,401 Ha in Liberia. We are the largest oil palm plantation owner in PNG and the Solomon Islands, and one of the largest oil palm plantation owners in Malaysia and Indonesia.

At about 2.48 million MT of CPO for the FYE 30 June 2017, we are one of the largest palm oil producers globally. In 2016, we produced about 4% of the total global CPO production of 58.9 million MT.

The scale of our operations contributes to our cost competitiveness especially in terms of upstream input costs such as fertiliser, tools, machinery, agronomic practices and planting policies. Most of our oil palm plantations are adjacent or close to each other which enables us to generate revenue and achieve cost synergies through lower overheads and mill optimisation (where FFB can be routed to the nearest mills). The total capacity of our mills of 21 million MT per year allows us to aggregate third party FFB crop which in turn contributes to our production and overall cost advantage.

With our upstream and downstream presence in various countries, we are able to offer our customers, including FMCG companies, a wide range of products and services throughout the entire palm oil value chain. Please refer to Section 7.5.2 of this Prospectus for details of our downstream operations and Annexure C.2 for the list of our brand names.

The scale of our operations also allows us to leverage on our financial and workforce capacities to invest sufficient resources in R&D, innovation, mechanisation and idea exploration to widen our technical capacity and strengthen our financial profile. Currently, we are embarking on new initiatives along the palm oil value chain to improve our efficiencies and scale. Please refer to Sections 7.14 and 7.15 of this Prospectus for further details.

7.2.2.2 We have a wide and diverse geographical reach

Our diversification across various countries and in different regions within these countries enables our Group to insulate our business against potential volatilities arising in any one particular country or region stemming from regulatory and political changes.

We have upstream operations spread across 5 countries, namely Malaysia, Indonesia, PNG and the Solomon Islands and Liberia. Such geographical reach provides a natural hedge against weather challenges, enabling us to enjoy the counter-cyclical crop trends that exist between our operations in Malaysia and Indonesia against that in PNG and the Solomon Islands.

The locations of our upstream operations and our integrated supply chain allow us to leverage on our capacities to support our existing global downstream business and provide a strong platform to expand into new markets in other locations.

Our downstream operations are spread across 16 countries, inclusive of sales and marketing offices. Our products are marketed globally including key growth markets such as India and China. In Europe, we focus on high value, differentiated products for the food and non-food sectors. Our Malaysian operations serve as a hub for the Asia Pacific region.

7.2.2.3 We are recognised for our sustainability credentials and product quality

We are the world's largest CSPO producer. In October 2017, we accounted for around 20% of the total global CSPO production capacity of about 11.6 million MT.

As one of the founding members of RSPO, we also lead sustainable initiatives and received multiple recognitions from key awarding bodies, namely United Nations, the World Sustainability Congress and Edison Universe for our achievements.

In 1985, we deployed the zero-burning replanting technique, which has now become an industry practice in Malaysia. The commercialisation of the aforementioned replanting technique won us the United Nations Environment Programme's Global 500 Award for outstanding achievement in the protection and improvement of the environment in 1992.

In 2015, we were also recognised by the World Sustainability Congress through the Global Sustainability Leadership Award for our expertise and practices in sustainability.

Our sustainability credentials were further affirmed when we were awarded the Edison Award in 2017 under the Energy and Sustainability category which recognised our genome initiative to develop oil palms with higher yields, reducing the need for more land through the Genome Select project.

In addition, we also adhere to our policies of zero deforestation, integrated pest management, biodiversity and wildlife protection, as well as carbon emission reduction initiatives, among others. These are all specified in our own Responsible Agriculture Charter. Please refer to our strategic plan, "Continue to build and leverage on our sustainability credentials", in Section 7.3 of this Prospectus for further details of our sustainable initiatives.

We have built a strong and long standing customer base over the years, who has put their trust in "Sime Darby" not only for its sustainability credentials but also, for its product quality.

In terms of product quality, our cooking oil refined and manufactured by our Morakot Refinery in Thailand, was awarded the most popular brand and excellence in branding under the cooking oil segment by the Thailand No.1 Brand for 3 consecutive years, and in 2016, the "Marvela A&D3" cooking oil and "Marvela Gold E" cooking oil were awarded the Vietnam Good Food Award by the Ministry of Health of Vietnam.

Other numerous awards that have been presented to our Group, including our product brands over the years, are described in Section 7.4.2 of this Prospectus.

7.2.3 We are innovation and R&D-driven

We position ourselves at the forefront of agriculture R&D and have made contributions in developing and pioneering best agro-management practices in the oil palm and rubber industry.

In 2009, we were one of the first companies in the world to successfully sequence, assemble and annotate the oil palm genome, called Genome Select, which is a new oil palm breed developed through genomic selection and prediction process. In 2016, we commenced our first large-scale planting of Genome Select which is expected to result in improvements in yield per Ha.

Consequently in 2017, we were awarded the Edison Award where we are the first Malaysian company to be awarded under the Energy and Sustainability category for our Genome Select Oil Palm project. The Edison Awards was established by the American Marketing Association in 1987, and claimed to honour new products and service development which show innovation in 4 criteria: Concept, Value, Delivery and Impact.

In addition to Genome Select planting materials which can potentially produce up to 15% more yield than our current commercial offering, Calix 600, we are also embarking on the research and production of new Dami seed progenies, which are oil palm seeds produced from the best elite parent palms of high producing palm hybrids to achieve high and consistent yield in the long-term. Over time, these new planting materials are expected to deliver better oil yield improvements as compared to our current planting materials.

Also in 2017, we were presented with the Malaysia Enterprise Innovation Awards by IOT Asia Business Platform, in recognition of our efforts to digitally transform our business as we strive for greater sustainability, productivity and transparency in our business practices to further enrich its customers and stakeholders.

As part of our Group's policy for sustainable practices and safe working place, we had installed a fire Hotspot Management System, a monitoring dashboard in the interest of transparency and to provide insights that could lead to long-term solutions to the recurring haze situation based on satellite data. The initiative was recognised through the Asia Geospatial Excellence Awards by GeoSmart Asia in 2016 for application of geospatial information and technology in plantation in Asia Pacific.

Other examples of initiatives which rely on our R&D support include:

- precision agriculture to improve yield (please refer to Section 7.14(iii) of this Prospectus for details of our precision agriculture initiatives);

- effective water management, including irrigation system for drier, inland soils and water management for coastal areas and areas with high water table;

- integrated pest management programmes, where we formulate and deploy best practices and produce pest and disease biological control products. The programmes also promote the usage of beneficial plants and other biological control of leaf pests and other diseases; and

- mechanisation initiatives which are directed towards manpower reduction, cost efficiency and productivity using mechanically assisted infield collection, fertiliser spreaders for fertiliser application, and mechanised sprayers for weed and pest and disease controls. We are targeting to improve our manpower ratio from 1:10 Ha to 1:15 Ha with these initiatives (please refer to Section 7.15.1.1(i) of this Prospectus for details of our mechanisation initiatives).

In the downstream segment, our innovation centres provide customised solutions in developing new and differentiated products for our customers. Our refinery advisors provide technical support to our refineries to ensure continuous operational excellence. Please refer to Section 7.14 of this Prospectus for details of our R&D centres.

In addition, in the downstream non-food segment, we are also venturing into the nutraceutical industry; for example, nutritional supplements such as tocotrienols, and animal nutrition product; for example, PURAFEX.

7.2.4 Our fully integrated business model allows us to leverage and diversify along the palm oil value chain

We have established a fully integrated business model that operates across the entire spectrum of the palm oil value chain, namely from the sourcing and processing of oil palm into edible oils, fats, oleochemicals, biodiesel, other palm oil derivatives, animal feeds and renewables, to the transportation, storage, distribution, sales and marketing of these products.

Integration along the palm oil value chain allows us to better manage commodity price volatility by giving us the flexibility to channel our CPO to the various segments of our downstream processes at the appropriate time, thus benefiting from the different price characteristics and feedstock types in various downstream segments.

Further, the integrated business model helps us to diversify away individual segment's earnings risk, allowing stable and resilient earnings as opposed to a company focused only on upstream operations and hence, susceptible to volatile commodity prices.

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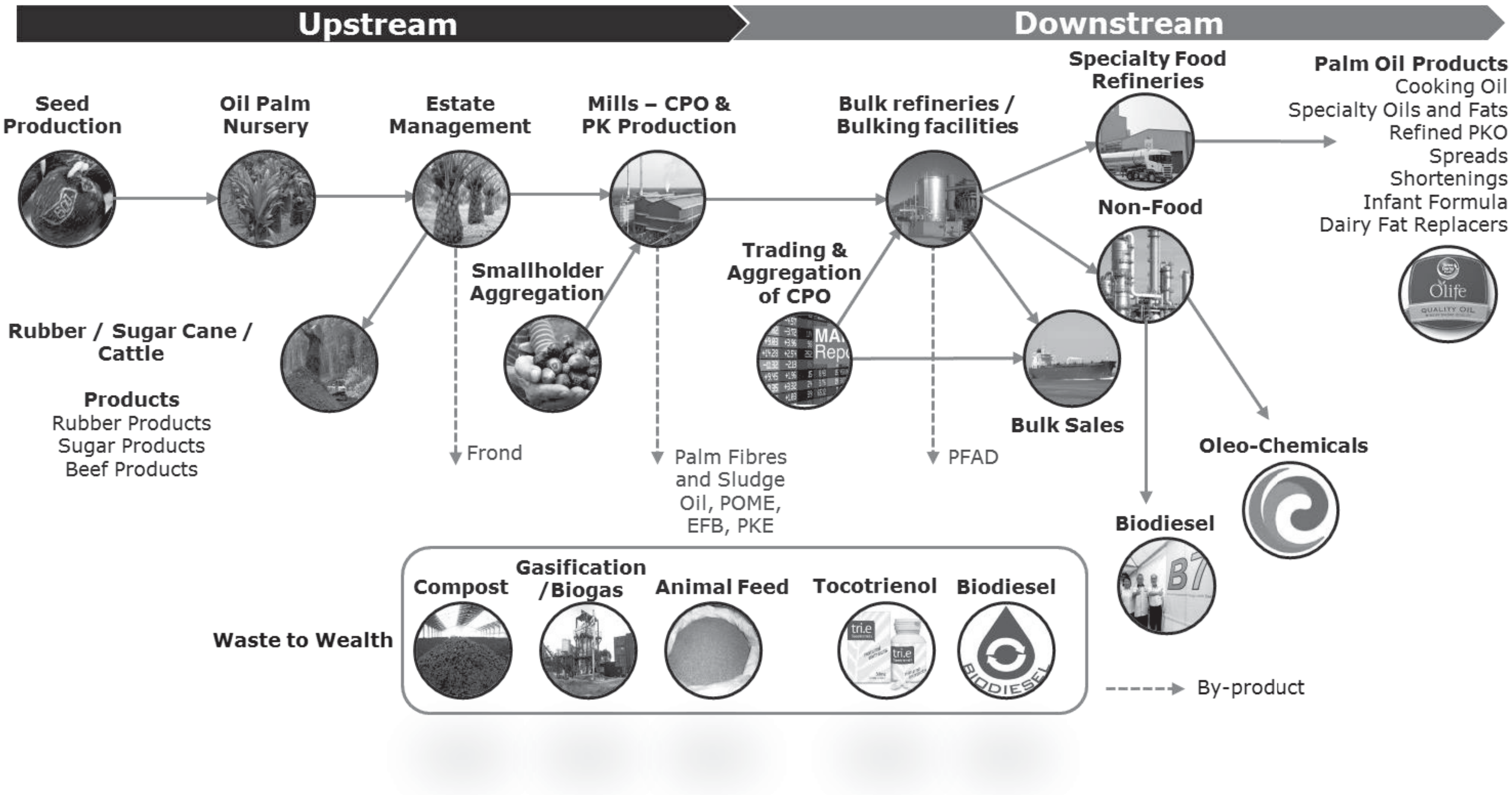
7. BUSINESS OVERVIEW *(Cont'd)*

The diagram below illustrates our Group's involvement throughout the supply chain, including our efforts to ensure we remain diversified even within the palm oil industry to mitigate against volatilities in segment margins. We also maximise value by de-commoditising our CPO into high value, differentiated products, which can fetch higher margins as compared to selling only commodity products. Similarly, we enhance our "Waste-to-Wealth" initiatives by converting by-products into applications such as animal nutrition and feed from PKE as well as tocotrienols from PFAD.



With our acquisition of NBPOL, a 100% RSPO certified company and traceable palm oil producer in terms of processing identity preserved or fully segregated oil, in 2015, we have benefited from certain synergies in our feedstock supply chain between SD Unimills in the Netherlands and NBOL in the United Kingdom through the supply of inter-esterified products and CPKO supply from NBOL to SD Unimills.

Besides enjoying economies of scale, we can also leverage on lower operating costs from:

- the shared use of integrated processing facilities, logistics and infrastructure;
- channelling our products and resources to markets where there is greater demand for such products or resources;
- direct marketing to end users of selected products via our extensive sales and distribution network to maximise returns in certain markets and to minimise marketing cost;
- competitive freight and fertiliser costs due to economies of scale and efficient shipping operations; and
- the use of certain waste products from our palm oil operations such as PK shells, due to the design of our various integrated processing facilities, thereby reducing production costs.

7.2.5 As a fully-integrated player, we have a sound financial profile which helps to withstand economic downturns and moderate the impact from such volatilities

Our vertically-integrated and geographically diversified operations are the essence of a resilient business model to better withstand economic downturns and moderate the impact from such volatilities. By integrating our upstream and downstream operations across the entire palm oil value chain, we have managed to maintain a relatively steady performance throughout the years despite adverse weather conditions and market volatilities.

We have a disciplined approach in capital allocation and cash flow management, both of which are important in sustaining our long-term growth. We are committed towards optimising our capital structure in order to ensure a competitive cost of capital. The implementation of an optimal capital structure includes balancing debt and equity levels by putting in place appropriate dividend and financing policies. One of our key considerations is to maintain ready access to capital markets and to preserve our ability to repay and service debt obligations over time.

Overall, we have been given investment grade credit ratings with a stable outlook. Accordingly, we are able to maintain a prudent and conservative approach towards further investments and growth. On 18 April 2017, we received credit ratings of BBB+ (EXP) and BAA1 from Fitch and Moody's, respectively. On 25 May 2017, Malaysian Rating Corporation Board assigned us a rating of AAA.

7.2.6 We have an experienced Board and management team with relevant expertise

We have an experienced Board with extensive capabilities and diversified backgrounds. Our Board members have held prominent positions and directorships in areas such as plantation, the banking and finance sectors, and in governmental, regulatory and professional bodies. We are supported by an experienced management team that on average has about 15 years of experience in the plantation industry.

Our Board and management team have the ability to drive our Group through transformation into the next phase of growth which is to innovate, execute and create value. The ability of our Board and management team to adapt to various cultures, operating environments and sustainability requirements are key to our success. This has resulted in successful execution to-date and our management team will continue its efforts to further improve performance.

7.3 STRATEGIES AND FUTURE PLANS

Our recent 5-year strategy blueprint emphasises on growth and competitive strategies, which is to be achieved through:

- driving operational excellence in our upstream business;
- serving our customers' evolving needs in our downstream business; and
- maximising returns across the palm oil value chain by leveraging on our integrated business model.

These will allow further value creation for our shareholders.

7.3.1 Upstream: Driving operational excellence

Our strategic focus in upstream operations is directed towards maximising productivity and profitability per Ha, and enhancing cost efficiency.

We aim to continue our focus on operational excellence towards achieving "Mission 25:25", i.e. achieving FFB yields of 25 MT per Ha and 25% OER by 2025 by continuously improving our operational efficiency and productivity through implementation of best agronomic practices supported by high-yielding planting materials, technology and management.

We are also committed to be a cost-efficient producer, by undertaking robust overheads and capital expenditure reviews, such as productivity improvement, outsourcing of services, streamlining of operations, mechanisation and automation. Continuous implementation of Lean Six Sigma across the entire value chain is expected to further contribute to our cost savings. Please refer to Section 7.16.1 of this Prospectus for further details of Lean Six Sigma.

7.3.2 Downstream: Serving our customers' evolving needs

We aim to become the preferred sustainable palm oil and fats specialist and a trusted customer solutions provider by focusing on differentiated, sustainable and traceable products, to serve our customers' evolving needs. Please refer to our strategic plan, "Focus on innovation to remain competitive", in Section 7.3 of this Prospectus for details of our customer-driven product innovation.

We will also explore and expand opportunities to increase our presence in key geographical markets such as India, Southeast Asia, the United States, Europe, Africa, the Middle East and China.

We also aim to create value by marketing and strengthening the "Sime Darby" brand through achieving sustainability, quality and food safety requirements.

Following on from the above initiatives, we target downstream operations to contribute more than 20% of our Group's PBIT within the next 5 years.

7.3.3 Maximising returns across the palm oil value chain by leveraging on our integrated business model

We aim to derive additional value from a fully integrated business model by optimising our supply chain, enhancing trading and aggregation (the external purchases of FFB, PK or CPO to optimise our mill or refinery utilisation), and employing segmental diversification (between palm oil, rubber and sugarcane for upstream, and across end products for downstream) along the palm oil value chain to mitigate against volatilities in segment margins. To this end, we have begun restructuring a number of our upstream and downstream operation units to optimise mill utilisation rates and streamline our sales and marketing activities. We also aim to achieve a more efficient palm oil supply chain and establish a better risk management framework in order to create further value and improve our market share.

We are also strengthening our supply chain network to take advantage of price spreads across locations and to strengthen our ability to trade around our own assets.

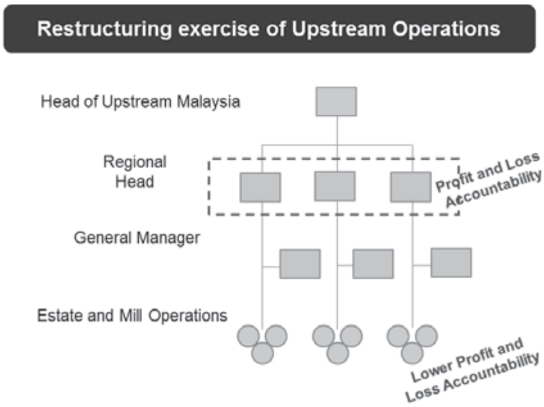
To better execute our strategic plans, we will continue to focus on the following 4 key areas:

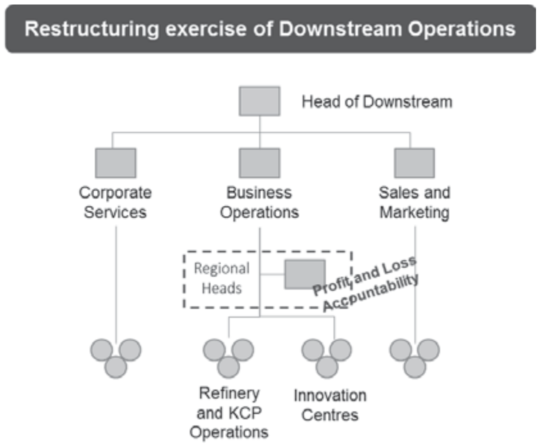
- encourage a work culture which drives performance;
- continue to build and leverage on our sustainability credentials;
- focus on innovation to remain competitive; and
- commit in delivering results for the stakeholders.

Encourage a work culture which drives performance

Our Group continues to institute action plans to drive a culture of accountability and ownership. Our employees have been part of the "RISE" (Results, Innovation, Sustainability and Energy) culture change programme introduced in which embeds the 6 Winning Mindsets that forms part of our 5-year strategic plan. Our Winning Mindsets are as follows:

In our upstream segment, profit and loss accountability has also been assigned to the Regional Heads, general managers and driven down to the estate managerial level. As at the LPD, there are 6 business units ("**BU**") in Malaysia, 5 BU in Indonesia, 6 BU in PNG and the Solomon Islands, and 1 BU in Liberia. Each BU is supported by relevant support departments, such as human resources, finance, plantation, sustainability and quality management (PSQM), security as well as contract and vendor management (CVM).





In our downstream segment, we are currently implementing a centralised corporate service, where respective regions are assigned a greater profit and loss accountability as well as ownership of growth strategies.

In addition, we aim to enhance our agility and flexibility in operations, with better expertise and control of capital management. Our organisational focus, discipline and transparency will ensure effective execution of our growth and competitive strategies. This also involves focus on developing talent with specific skill sets and competencies.

Continue to build and leverage on our sustainability credentials

We are committed to playing a leadership role in the development and promotion of sustainable practices in the palm oil sector. Responsible agriculture is crucial in ensuring that global food security needs are met, without disrupting essential natural habitats and ecosystems.

We launched our Responsible Agriculture Charter in September 2016 to improve our agriculture practices further through responsible and sustainable agricultural development. Our Responsible Agriculture Charter sets out key commitments to ensure that sustainability is embedded in the way our businesses operate. We have a firm stand against new planting on peat land, deforestation and exploitation in any of our operations. From strategy to on-ground efforts, our activities are guided by our commitment to contribute to a better society, minimise environmental harm and deliver sustainable development.

Through our Responsible Agriculture Charter, we aim to deliver our "RSPO and Beyond" vision where we intend to create value in sustainability in 2 key areas:

- preventing value erosion in our upstream and downstream businesses from any unethical behaviours through:
  - identifying and managing supply chain sustainability risks; and
  - implementing sustainability standards; and

- maintaining our established sustainability credentials and policies to enhance the value of our end products. To this end, we will leverage on our leading role to:
  - develop new standards;
  - substantively engage with communities and stakeholders on sustainability issues and standards; and
  - achieve greater market recognition for the higher value that should be accorded to end products which have comprehensive and verifiable sustainability credentials.

We aim to strengthen our sustainability credentials as we recognise that certification alone is inadequate. Please refer to Section 7.18 of this Prospectus for further details of our role in sustainability.

As at the LPD, all of our refineries are RSPO certified, which means they can process SG oil and MB oil while the refinery owned by NBOL in the United Kingdom is a fully certified segregated refinery which processes 100% SG oil.

We have achieved 97% RSPO certification as at the LPD with 1 palm oil mill in Indonesia remaining to be certified by RSPO. Our brand new mill in Liberia has commenced its certification process, with a target to be certified by 2018. We are now also increasing the smallholder area under RSPO certification in Indonesia under the Plasma Programme, Kredit Koperasi Primer Anggota ("**Plasma KKPA Programme**"), which is described in Section 7.5.1.2 of this Prospectus. As at the LPD, 28,712 Ha of the smallholders' planted area has been certified, an increase from 19,451 Ha as at 30 June 2015. All 17,323 smallholder blocks in PNG and the Solomon Islands have also been RSPO certified. We will also continue to collaborate with all stakeholders to apply the converged HCS methodology in Liberia, which is a highly forested country that is in need of economic prosperity.

From the FYE 30 June 2015 onwards, we have shifted our focus from the sales of GreenPalm certificates (i.e. sales of RSPO certificates to customers), to physical sales of CSPO, to fully capitalise on our sustainability credentials and encourage our customers to move towards sustainability goals. This shift was undertaken to ensure that we are better positioned to take advantage of greater value in the physical sales of CSPO, as opposed to sales of GreenPalm certificates.

In 2015, we launched "Open Palm", our online traceability dashboard which allows customers to trace the source of products purchased from our Group. As at 30 September 2017:

- 88.4% of FFB to our Group's mills are traceable to plantations;
- 96.7% of CPO to our Group's refineries are traceable to mills;
- 80.5% of CPO to our Group's refineries are traceable to plantations;
- 100.0% of PK to our Group's KCPs are traceable to mills; and
- 81.7% of PK to our Group's KCPs are traceable to plantations.

We have also set a target in 2012 to reduce 40% of our carbon footprint by 2020.

We will continue to strengthen our sustainability credentials, as follows:

- building trust with globally renowned FMCG companies;
- achieving 100% traceability-to-plantation by 2018 for all our FFB and crushed PK, refined CPO and CPKO, and all refined palm oil; and
- supplying physical CSPO products.

By leveraging on our sustainability credentials as a marketing platform, and enhanced focus on differentiated products through innovation and R&D, we believe we are able to maximise our returns.

Focus on innovation to remain competitive

As part of our continuous efforts to leverage on innovation, we aim to undertake several key initiatives, as follows:

(i) Innovation focus underpinned by R&D

Our R&D capabilities encompass all research area requirements across the value chain. Please refer to Section 7.14 of this Prospectus for further details of our R&D.

(ii) Upstream operational productivity

We aim to maximise our yields, OER and operational efficiency, as follows:

Ongoing accelerated replanting programme with high yielding planting material

Since 2015, we have undertaken an accelerated replanting programme which has increased our Group's annual replanting rate from an average of 4% to 5% during the FYE 30 June 2017. The accelerated replanting programme will improve our average palm age from about 13 years as at 2017 to about 10 years (which is an attractive age profile) by 2025.

In addition, our replanting programme is carried out using high yielding planting materials derived from our own R&D efforts. We have begun planting Genome Select materials on a commercial scale for our own use. Genome Select is able to deliver oil yield improvements of up to 15% as compared to our current commercial offering, Calix 600. In addition to Genome Select planting materials, we have also embarked on the research and production of another high yielding planting material, the Super Family Dami seeds.

Industry leading initiatives

We are also exploring and scaling up the following initiatives:

- effective water management and conservation practices, including irrigation system for drier, inland soils and water management for coastal areas and areas with high water table;
- enhancing our mechanisation and automation through robotic harvesters, automated loose fruit collectors and concept harvesting machines which will contribute to worker reduction, improved productivity and cost savings;
- advanced milling and latest extraction technologies through continuous processing, integrated processing complex, minimum GHG emissions and zero discharge; and

- digitisation which allows for effective process monitoring, higher productivity, efficient decentralised decision making as well as eliminating the need for routine and repetitive paperwork. Our efforts in this involve exploring technologies in drone monitoring for speedy intervention and digitised supervision. We are among the first in the Malaysian oil palm industry to successfully connect upstream operations to estate fields digitally, through our Sime Darby Digital Supervision ("**SDDS**") and Sime Darby Plantation Estate, Mill and Upstream Applications ("**SEMUA 2.0**"). Please refer to Sections 7.15.1.1(iii) and 7.15.1.2(vi) of this Prospectus for further details of SDDS and SEMUA 2.0, respectively.

(iii) Customer-driven product innovation in downstream

Our Premium Quality Oil which offers low free fatty acids oil blends (<1.2% free fatty acids) are produced from our upstream operations are used as feedstock for our refineries, to produce high value, differentiated products in the food sector. Examples of such products include infant formula with low 3-MCPD levels, "Certio" branded red palm olein, a premium quality frying oil, and bakery and confectionery applications branded under "Pastrex", "GoldBake", "Master Craft" and "Vemor". The customers of our differentiated products in the food sector are largely made up of renowned FMCG companies. Currently, we have modified and expanded our milling and refinery capacity to increase production of Premium Quality Oil to cater for these opportunities.

Commit in delivering results for the stakeholders

We are committed to a set of transparent targets and execution framework to deliver the above strategic initiatives. We have established clear and transparent targets and milestones in our internal operations. The key targets are, in our upstream operations, to increase FFB yield, OER and to improve cost efficiencies and in our downstream operations, to increase the ratio of differentiated products to commodity products, and to increase our sales of physical certified palm oil. Measures to drive FFB yield improvements are currently being executed through a dedicated task force under the Chief Advisor and Value Officer (CAVO) to monitor progression, identify choke points and ensure speedy intervention. We have also created a better framework for execution as a pure plantation company.

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7.4 HISTORY AND KEY MILESTONES, ACHIEVEMENTS AND AWARDS

7.4.1 History and key milestones

In 1821, Alexander Guthrie established Guthrie & Co (which was subsequently known as Kumpulan Guthrie Berhad) in Singapore as one of the first British trading houses in Southeast Asia. In 1896, Guthrie & Co accepted agencies for coffee estates in Selangor and Negeri Sembilan, Malaysia, which were subsequently experimentally planted with rubber.

Meanwhile, in 1844, Daniel and Smith Harrison, and Joseph Crosfield formed a tea and coffee trading partnership called Harrisons & Crosfield (now known as Golden Hope Plantations Berhad) in Liverpool, England. Later, in 1895, Golden Hope Plantations Berhad established the first eastern branch, Lampard, Crosfield & Co in Colombo, Ceylon, Sri Lanka, marking its entry into the plantation ownership business.

In 1910, Sime Darby & Co (now known as Kumpulan Sime Darby Berhad) was set up in Malacca, Malaysia by William Middleton Sime, Henry d'Esterre Darby and Herbert Milford Darby to manage 202.34 Ha (500 acres) of rubber plantations in Malaysia.

In November 2007, Kumpulan Guthrie Berhad, Golden Hope Plantations Berhad and Kumpulan Sime Darby Berhad merged to form SDB and became a diversified multinational company with operations in over 20 countries, with the plantation businesses within each of those groups being integrated under our Company. Since then, we have become the world's largest plantation company by planted area. Please refer to Section 6.1.1 of this Prospectus for details of the Merger.

The following table sets out a brief summary of our Group's key milestones subsequent to the Merger:

Year	Key event
2009	SD Plantation (Liberia) signed a 63-year concession agreement with the Liberian government for 220,000 Ha of land to be developed into oil palm and rubber plantations.
2015	We completed the acquisition of NBPOL, a 100% RSPO certified company and traceable palm oil producer in terms of processing identity preserved or fully segregated oil, adding about 135,000 Ha of land to our landbank and expanding our geographical coverage to PNG and the Solomon Islands.
2017	SDB announced a restructuring plan and share distribution exercise that would result in the spin-off and listing of our Company, which is meant to enable our Company to pursue our objectives with greater focus and agility.

7.4.2 Key achievements and awards

Our Group's key achievements and awards in the last 3 years are as follows:

Description of key achievements and awards	Year
Prime Minister's Hibiscus Awards - Notable Awards by the Business Council for Sustainability & Responsibility Malaysia (BCSRM), Environmental Management & Research Association of Malaysia (ENSEARCH), Federation of Malaysian Manufacturers (FMM), Malaysian International Chamber of Commerce & Industry (MICCI), which is endorsed by the Ministry of Natural Resources and Environment (MNRE), Malaysia and supported by the DOE and the private sector	2014/15
PNB's Innovation and Quality Awards	2015 and 2016
Malaysian Society for Occupational Safety and Health (OSH) Award by the Malaysian Society for Occupational Safety and Health (MSOSH)	2015
National Excellent Occupational Safety and Health (OSH) Award (Agriculture Sector) by the Ministry of Human Resource, Malaysia	2016
Zero Accident Award (Regency Level) by the Ministry of Manpower and Transmigration Republic of Indonesia	2015 and 2016
Palm Oil Awards 2015 by the Institution of Chemical Engineer's (IChemE)	2015
Global Sustainability Leadership Award 2015 by World Sustainability Congress	2015
Rubber Industry Award 2015 for the Best Managed Rubber Estate for Ladang Bukit Pilah in Malaysia by the Malaysian Rubber Board	2015
National Occupational Safety and Health (OSH) Observer Award – Plantation Sector by the Ministry of Manpower and Transmigration Republic of Indonesia	2015
Best Company for Female Worker Empowerment – Province Level by the Ministry of Woman Empowerment of Indonesia	2015
Thailand No. 1 Brand awarded to our Morakot Refinery as the most popular brand and excellence in branding under the cooking oil segment by Thailand No. 1 Brand Marketeer Magazine – Thailand & Video Research International (Thailand)	2015 to 2017 (for each year)
The Asia Geospatial Excellence Awards 2016 – Application of Geospatial information and technology in Plantation by GeoSmart Asia in Asia Pacific	2016
Sustainable Technology Award 2016 by the Institution of Chemical Engineers' (IChemE)	2016

Description of key achievements and awards	**Year**
Occupational Safety and Health (OSH) Excellence Award 2016 under the category of Agriculture by National Council for Occupational Safety and Health (NCOSH) Malaysia	2016
Vietnam Good Food Award 2016 for "Marvela A&D3" cooking oil and "Marvela Gold E" cooking oil by Food Safety Science and Technology Association of Vietnam under the Ministry of Health of Vietnam	2016
Queen's Commonwealth Canopy ("**QCC**") initiative for Australian Centre for International Agricultural Research (ACIAR) to forest conservation in PNG by QCC	2016
Edison Awards: Bronze for Sustainability under the Energy and Sustainability category for the Genome Select Oil Palm project by Edison Universe	2017
International Team Excellence Award: Silver Level Award for Best Project on Environmental Impact by American Society for Quality (ASQ)	2017
Silver Award for Zero Accident Campaign awarded to our Morakot Refinery by the Ministry of Labour, Thailand	2017
Green Industry Level 3 and 4 for Industrial Enterprises Refinery and Morakot Refinery respectively by the Ministry of Industry for sustainable and environmental system and culture in the business	2017
Quality Achievement Awards 2017 (Gold) for our Morakot Refinery by the European Society for Quality Research (ESQR)	2017
Achievement on Pests and Diseases Management in PNG by Australian Science Academy	2017
Malaysia Enterprise Innovation Awards for our digitisation strategy by IOT Asia Business Platform	2017

7.5 PRINCIPAL BUSINESS ACTIVITIES

The following is a summary of our principal business activities:

Upstream	Downstream	Others
• Developing, cultivating and managing oil palm, rubber and sugarcane plantation estates. • Milling of FFB into CPO and PK, processing and sales of rubber and sugarcane. • Cattle rearing and beef production. • Presence in Malaysia, Indonesia, PNG and the Solomon Islands, and Liberia.	• Crushing of PK into CPKO and PKE. • Production and sales of: o Bulk and refined oils and fats (which includes specialty and end-user oils and fats); o nutraceutical products (which includes nutritional supplements such as tocotrienols, and animal nutrition products); o oleochemicals; o biodiesel products; and o derivatives. • Operating across 16 countries, inclusive of sales and marketing offices. We have a total refinery capacity of about 4 million MT per year.	*R&D* • 5 R&D centres in Malaysia, Indonesia and PNG, and 3 innovation centres in Malaysia, the Netherlands and South Africa that are focused on: o yield and productivity improvements; o increasing revenue streams; and o developing sustainable practices while pursuing innovative strategies. *Renewables* • Development of green technology, bio-based chemicals, biogas and composting to leverage on the potential value added benefits across the palm oil value chain. *Agribusiness* • Provision of agriculture products and services. • Production and sales of oil palm seeds and seedlings.

7.5.1 Upstream operations

Our upstream operations include the development, cultivation and management of oil palm, rubber and sugarcane plantations, milling of FFB for CPO and PK, rubber processing and sugar milling.

We operate and manage 248 plantation estates located in Malaysia, Indonesia, PNG and the Solomon Islands, and Liberia. As at the LPD, we have a total landbank of about 983,528 Ha, of which 602,454 Ha is planted with oil palm.

The typical economic life span of an oil palm is about 25 years, and harvesting begins when the oil palm reaches early maturity at about 3 years after being planted in the field. Prior to being planted in the field, oil palm seedling is grown for a period of about 12 to 14 months in the nurseries. Yield peaks in years 9 to 18 and gradually decreases after 18 years. We are implementing an accelerated replanting programme across our Malaysian, Indonesian, and PNG and the Solomon Islands operations where our average annual replanting rate aggregated across these countries has increased from 4% to 5% of total planted area for the FYE 30 June 2017. It is our intention to lower our average palm age from about 13 years as at 2017 to about 10 years (which is an attractive age profile) by 2025.

The following table sets out the area and age profile of our oil palm plantations as at the LPD:

	Average age profile of oil palm plantations					
Total area planted (Ha)	**Less than 3 years**	**4 to 8 years**	**9 to 18 years**	**19 to 22 years**	**More than 22 years**	**Total**
Malaysia	51,616	61,187	111,801	54,419	24,306	303,329
Indonesia	41,169	20,105	49,083	78,119	13,706	202,182
PNG and the Solomon Islands	9,934	21,312	40,181	10,549	4,566	86,542
Liberia	1,045	9,356	-	-	-	10,401
Total	**103,764**	**111,960**	**201,065**	**143,087**	**42,578**	**602,454**
% of total oil palm planted area	17.2%	18.6%	33.4%	23.7%	7.1%	100.0%

The following table sets out certain key statistics of our oil palm plantations and production for the FYE 30 June 2017:

	Malaysia		**Indonesia**		**PNG and the Solomon Islands**		**Liberia**		**Total**	
FFB production (MT)		5,293,071		2,671,576		1,792,361		27,038		9,784,046
% of our Group's FFB production		54.1		27.3		18.3		0.3		100.0
Mill production (MT)										
CPO	1,200,041	80.6	723,724	82.0	548,526	80.1	5,691	96.9	2,477,982	80.9
PK	289,120	19.4	158,810	18.0	136,048	19.9	181	3.1	584,159	19.1
	1,489,161	100.0	882,534	100.0	684,574	100.0	5,872	100.0	3,062,141	100.0
FFB yield per mature Ha (MT/Ha)		20.76		16.03		23.88		4.04		19.44
OER (%)		20.56		21.30		23.10		18.73		21.29
KER (%)		4.95		4.67		5.73		2.48		5.02
Average selling prices (RM per MT)										
CPO		2,825		2,764		3,047		2,413		2,848
PK		2,533		2,260		-		-		2,469

We own 72 mills, of which 35 mills are located in Malaysia, 24 mills in Indonesia, 12 mills in PNG and the Solomon Islands, and 1 mill in Liberia. We have also constructed a mill through a joint venture in Thai Eastern Trat Co Ltd in Thailand. The average distance between our mills and plantations is within the radius of 80 km. The majority of the FFB processed by our mills is sourced from our own plantations. In addition, in order to maximise the utilisation of our mills, we also purchase FFB from neighbouring third party estates or suppliers for milling. The CPO and PK produced by our mills are sold and processed by internal and external refineries, and crushing plants, respectively.

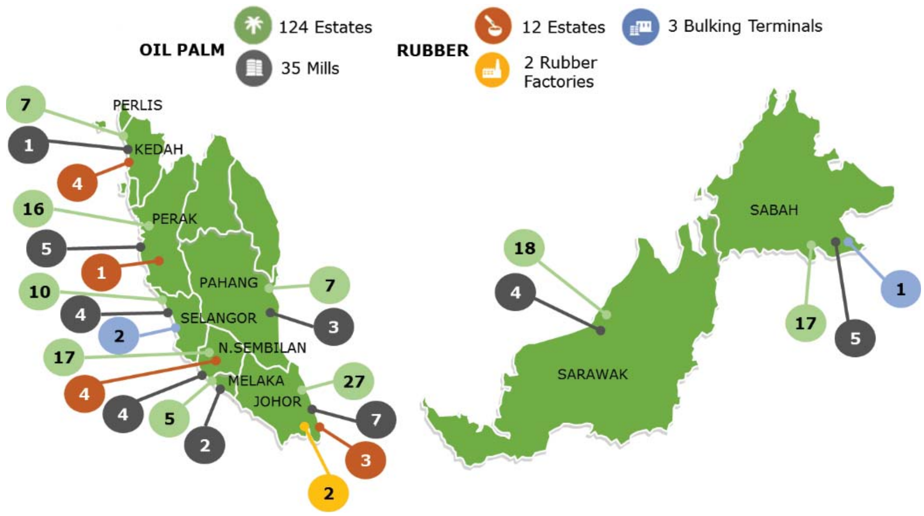
The yield from oil palm plantations, including the FFB yield, OER and KER, is dependent on a variety of factors including, the quality of the oil palm seed, soil and climatic conditions, quality of management of the plantation as well as the timely harvesting, processing and milling efficiency of FFB. Other than workers, the main cost component of our plantation operations is fertilisers. Fertilisers are mainly sourced through local suppliers using group tender procedures.

We also own 5 biogas plants in Malaysia, 2 in Indonesia and 2 in PNG in support of our biomass initiatives. Please refer to Section 7.15.3.2 of this Prospectus for further details of our biogas plants.

Please also refer to Annexure A to this Prospectus for further details of our estates and mills.

7.5.1.1 Plantations in Malaysia

As at the LPD, our plantation operations in Malaysia have a total landbank of 343,938 Ha, with oil palm planted area of 303,329 Ha, of which about 83% is mature. Our plantation operations in Malaysia is illustrated in the diagram below:



About 5% of our total planted area was replanted during the FYE 30 June 2017 in accordance with our Group's replanting policy. The following table sets out our total landbank and oil palm planted area by regions in Malaysia as at the LPD:

	Ha	
	Landbank	**Planted area**
Peninsular Malaysia	242,862	218,060
Sabah	53,796	46,375
Sarawak	47,280	38,894
Total	**343,938**	**303,329**

On 25 October 2017, we entered into a sale and purchase agreement with Paduwan Realty Sdn Bhd for the disposal of 15 parcels of agriculture land measuring about 148.17 Ha (366.13 acres) in total at Union Division, Diamond Jubilee Estate, Melaka together with all fixtures, buildings, crops, etc., for a total cash consideration of about RM119 million. Upon completion of such transaction, our landbank in Melaka will be reduced by about 148.17 Ha (366.13 acres).

Our total FFB production from Malaysia amounted to 5,293,071 MT or about 54% of our Group's production for the FYE 30 June 2017. Our average FFB yield per mature Ha was 20.76 MT per Ha for the FYE 30 June 2017, which is higher than the MPOB average yield per mature Ha for Malaysia of 16.77 MT per Ha during the same period. Our plantation operations in Malaysia produced a total of 1,200,041 MT of CPO and 289,120 MT of PK during the FYE 30 June 2017 and the average OER for CPO and KER for PK for the same period was 20.56% and 4.95%, respectively. Our average OER for CPO of 20.56% was higher than the MPOB average OER for CPO for Malaysia of 19.99% during the same period.

We have continued our efforts to mechanise and automate our plantation operations in order to improve productivity, reduce worker dependency and decrease operational costs. This is primarily driven by the use of mechanically assisted infield FFB collection ("**MAIC**"), fertiliser application and spraying as well as other infield operations. As at the LPD, 179,210 Ha of our Malaysian plantations operate on our MAIC system. We will expand our infield collection system to other potential mature areas in Malaysia gradually. Moving forward, we will focus on:

- redesigning our machines for better and more efficient FFB evacuations;
- the use of single person-operated tractor mounted sprayers (sensor-based sprayers for mature palm circles for weeding) on flat and undulating estates for mechanised spraying. This is currently being tested and is expected to be implemented in 2017/2018; and
- further expanding our mechanised fertiliser application to areas currently under manual application.

7.5.1.2 Plantations in Indonesia

Our operations in Indonesia are located in 9 provinces spread over Sumatera, Kalimantan and Sulawesi. As at the LPD, our plantation operations in Indonesia have a total landbank of 279,691 Ha*, with oil palm planted area of 202,182 Ha, of which about 80% is mature. Our plantation operations in Indonesia is illustrated in the diagram below:

The following table sets out our total landbank and oil palm planted area by regions in Indonesia as at the LPD:

	Ha	
	Landbank	**Planted area**
Sumatera	99,846	69,075
Kalimantan	175,133	129,155
Sulawesi	4,712	3,952
Total	**279,691***	**202,182**

Note:

* *Excludes greenfield land of around 20,000 Ha, whereby the acquisition of a 90% equity stake in an Indonesian company that was entered into in 2014 was recently completed after the LPD.*

We are currently in negotiation to dispose of one of our Indonesian subsidiaries which operates oil palm plantation estates and a palm oil mill in Indonesia. No definitive agreement has been entered into as at the date of this Prospectus.

Our total FFB production from Indonesia is 2,671,576 MT or about 27% of our Group's production for the FYE 30 June 2017. Average FFB yield per mature Ha was 16.03 MT per Ha for the FYE 30 June 2017. Our plantation operations in Indonesia produced a total of 723,724 MT of CPO and 158,810 MT of PK during the FYE 30 June 2017 and the average OER for CPO and KER for PK for the same period was 21.30% and 4.67%, respectively.

About 6% of our total planted area was replanted during the FYE 30 June 2017 in accordance with our Group's replanting policy. About 45% of our planted area is aged above 19 years. Hence, we have recently implemented an accelerated replanting programme using better high yielding planting materials. The annual replanting rate will be staggered from about 7% and then eventually maintained at 5% in order to improve our palm age profile to around 10 years (which is an attractive age profile).

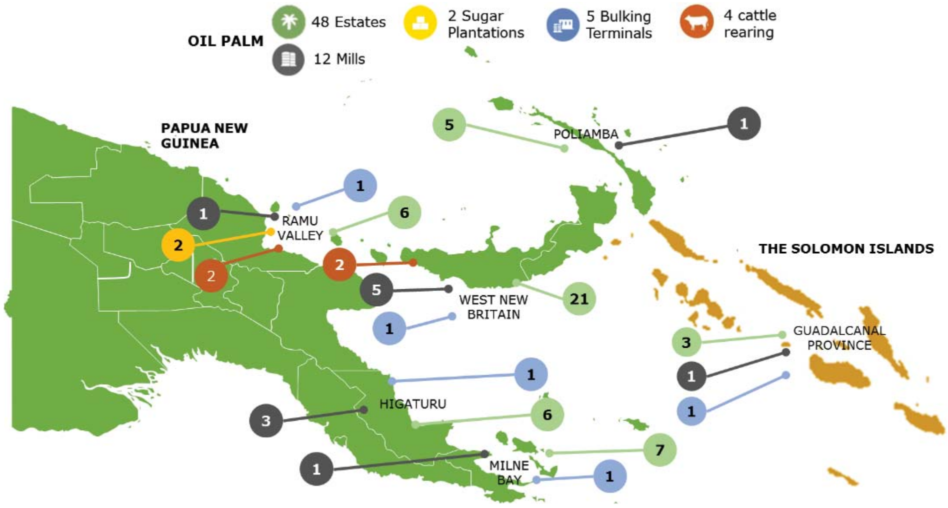
The Indonesian government requires oil palm plantation companies to develop new plantations which include community development programmes such as the Plasma KKPA Programme for the local communities and farmers. As at the LPD, our Group has about 46,354 Ha planted in 20 plasma estates under the Plasma KKPA Programme. We have entered into exclusive sale and purchase agreements of FFB with local plasma landholders, which are normally for a period of up to 1 planting life cycle of the oil palm. The purchase of FFB is based on a pricing formula determined by the Indonesian government.

7.5.1.3 Plantations in PNG and the Solomon Islands

We acquired NBPOL, a 100% RSPO certified company and traceable palm oil producer in terms of processing identity preserved or fully segregated oil, which is also the largest palm oil plantation company in PNG and the Solomon Islands, in March 2015. At the point of acquisition, NBPOL's plantations added about 135,000 Ha of land to our Group's landbank. The acquisition was aligned with our Group's strategic objectives of growing our landbank as well as expanding our market reach into sugarcane and beef businesses. The acquisition also provided access to new markets in Europe through collaboration between SD Unimills and NBPOL's Liverpool Refinery.

NBPOL's research facility complements our own R&D activities through collaborations and joint research programmes such as the joint venture between NBPOL and Verdant Bioscience.

Our operations in PNG and the Solomon Islands are headquartered in Port Moresby, PNG. As at the LPD, our plantation operations in PNG and the Solomon Islands have a total landbank of 139,899 Ha, with oil palm planted area of 86,542 Ha, of which about 89% is mature. Our plantation operations in PNG and the Solomon Islands is illustrated in the diagram below:



The following table sets out our landbank and planted area for oil palm by regions in PNG and the Solomon Islands as at the LPD:

	Ha	
	Landbank	**Planted area**
West New Britain	53,551	39,143
Ramu Valley	35,003	13,859
Milne Bay	20,300	10,746
Higaturu	14,822	10,510
Guadalcanal Province	8,315	6,765
Poliamba	7,908	5,519
Total	**139,899**	**86,542**

We are currently in negotiation to acquire a company which owns oil palm plantation estates and copra mills in PNG. No definitive agreement has been entered into as at the date of this Prospectus.

Our total FFB production from PNG and the Solomon Islands is 1,792,361 MT or about 18% of our Group's production for the FYE 30 June 2017. Average FFB yield per mature Ha was 23.9 MT per Ha for the FYE 30 June 2017. Our plantation operations in PNG and the Solomon Islands produced a total of 548,526 MT of CPO and 136,048 MT of PK during the FYE 30 June 2017 and the average OER for CPO and KER for PK for the same period was 23.10% and 5.73%, respectively. 100% of the smallholders in PNG and the Solomon Islands have been RSPO certified. As at the LPD, our Group has 44,948 Ha of land planted under our Smallholders Outgrowers' Scheme in PNG and the Solomon Islands with an average production capacity of around 550,000 MT of FFB.

About 2.5% of the total planted area was replanted during the FYE 30 June 2017 in accordance with our Group's replanting policy. We intend to implement an annual replanting exercise of about 4% of our total planted areas in PNG and the Solomon Islands.

7.5.1.4 Plantations in Liberia

In 2009, our wholly-owned subsidiary, SD Plantation (Liberia) signed a 63-year concession agreement with the Liberian government to develop 220,000 Ha of land into oil palm and rubber plantations. The first land clearing works commenced in July 2010. On 19 May 2011, the first oil palm seedling was planted, marking the official launch of our first Liberian estate, the Matambo estate. As at the LPD, a total of 11,655 Ha of land has been cleared, of which 10,508 Ha has been planted in 5 estates, namely the Matambo, Grand Cape Mount, Zodua, Bomi and Lofa estates. Out of the total planted area of 10,508 Ha, 10,401 Ha is planted with oil palm and 107 Ha is planted with rubber.

Our plantation operations in Liberia is illustrated in the diagram below:

Our total FFB production from Liberia was 27,038 MT and the average FFB yield per mature Ha was 4.04 MT per Ha for the FYE 30 June 2017. Our plantation operations in Liberia produced 5,691 MT of CPO during the FYE 30 June 2017 and the average OER for CPO for the same period was 18.73%.

Our Liberian operations were badly affected throughout the breakout of the Ebola virus disease. We suspended our operations in Liberia between March 2014 and May 2015, and resumed operations from June 2015. Liberia was officially declared Ebola-free on 9 June 2016.

All new land development activities were also put on hold following a voluntary moratorium that began in September 2014. The moratorium was in compliance with undertakings given by us as part of the Sustainable Palm Oil Manifesto ("**SPOM**"). Another SPOM undertaking was the HCS Science Study, which was completed in December 2015. A new plan for land development in Liberia is currently being prepared following the completion of the HCS and HCS+ approach trials.

HCS+ is a guide for oil palm growers to develop plantations that are carbon neutral, conflict-free, transparent and equitable to all stakeholders. The HCS+ methodology comprises 3 pillars, namely, maintenance of critical ecosystem services, assurance of socio-economic benefits for local communities and economic viability of development. It emphasises on equitable, transparent, conflict-free and carbon-neutral oil palm development. HCS+ is built to support existing frameworks such as the RSPO. It helps to address RSPO requirements to avoid developments on land with high carbon stocks.

7.5.1.5 Rubber

We have 12 rubber plantations in Malaysia and 1 rubber plantation each in Indonesia and Liberia. In Malaysia, we have converted certain oil palm areas to rubber with 4,348 Ha converted as at the LPD since 2012 and another 1,290 Ha of oil palm area are scheduled for conversion by 30 June 2018. As at the LPD, we have 11,603 Ha of planted area in Malaysia, of which 4,870 Ha are mature. For the FYE 30 June 2017, our Group produced about 7.7 million kg of rubber and our average rubber yield per mature Ha was about 1,845 kg. This is higher compared to our regional counterparts, such as Indonesia which has been experiencing lower productivity levels at about 1,080 kg/Ha, Thailand at about 1,800 kg/Ha, Vietnam at about 1,720 kg/Ha and Malaysia at about 1,510 kg/Ha. The average selling price per kg of rubber was RM8.65 for the FYE 30 June 2017.

In Malaysia, we own a latex concentrate factory in Sungei Senarut Estate (SD Latex Batu Anam) and a rubber factory in Tangkah, with capacities of 11,800 MT and 6,000 MT per year, respectively.

We have an associate company in Thailand, Muang Mai Guthrie Ltd., which is involved in processing and trading of rubber. Our plant in Thailand has the capacity for concentrated latex, skim block and compo block of about 42,000 MT, 3,360 MT and 630 MT per year, respectively.

7.5.1.6 Sugar

Our sugarcane plantations of 5,613 Ha are located at Ramu, PNG comprising the following 3 components:

(i) Agriculture: Sugarcane cultivation (harvesting season from May to October each year)

(ii) Factory/distillery: Sugar production and packaging, and hydrous ethanol production (96% ethanol); and

(iii) Sales: Nationwide sales and distribution to industrial and retail customers.

Our PNG subsidiary, Ramu Agri (formerly known as Ramu Sugar Ltd.) was incorporated in October 1978. In 1979, Ramu Agri entered into an agreement with the PNG government to establish a domestic sugar industry to meet local needs.

Ramu Sugar is sold 100% within PNG and is the dominant retail sugar brand in the country. In the FYE 30 June 2017, over 90% of Ramu Agri's sugar sales were in packaged format for the retail market, with the balance sold in bulk for industrial use; for example, bakeries, ice-cream, soft drinks and jam. Meanwhile, ethanol is almost 100% exported to Australia.

The sugar business contributed about 1.2% of our Group's total revenue in the FYE 30 June 2017. As at the LPD, we had a total of 5,613 Ha of sugarcane planted area and 1 sugar mill.

7.5.1.7 Cattle rearing

Our cattle rearing operations are located at Ramu and West New Britain, PNG, with 8,956 Ha of grazing pastures as at the LPD. Ramu is the larger of the 2 operations with farms at Leron and Gusap. NBPOL is one of the largest beef producers in PNG and has an in-house processing facility (beef abattoir). About 1.6 million kg of dressed beef is produced annually through the abattoir and sold 100% into the domestic market. As at the LPD, NBPOL is supplying beef to 5 major supermarket chains in PNG.

7.5.2 Downstream operations

In the downstream segment, we are involved in the production and sales of refined oils and fats (both food and non-food-based) products, oleochemicals and palm oil-based biodiesel. We manage and operate 12 refineries with a total refinery capacity of about 4 million MT per year. We have downstream operations spread across 16 countries worldwide, inclusive of sales and marketing offices, where the refining of crude vegetable oils is undertaken to produce edible oils and fats products, oleochemicals and biodiesel. We also have bulking installations in Malaysia, Indonesia, PNG and the Solomon Islands and China, with a capacity of about 300,000 MT. Our joint venture, Emery Malaysia has a production capacity of 0.7 million MT of oleochemicals per year. We also have a production capacity for biodiesel of about 60,000 MT per annum through SD Biodiesel.

The following table sets out the products produced and sold by our downstream operations:

Operation	Product
Food-based	Palm oil products, specialty oils and fats, phytonutrients, refined PKO, vegetable ghee, shortening and dough fat, industrial margarine, cooking oil, CPKO and PK cake for animal feed and non-dairy products
Non-food-based	Oleochemicals (high quality fatty acids, glycerine, fatty alcohols, triacetin, methyl esters, oilfield chemicals, ozone acids) and biodiesel

7.5.2.1 Food-based operations

We have edible oils and fats refineries in Malaysia, Indonesia, Thailand, Vietnam, the Netherlands, South Africa, the United Kingdom and PNG.

Our bulk refineries which refine and fractionate CPO into basic refined products comprising RBD palm oil, palm olein, stearin and PFAD include Nuri Refinery and Austral Refinery located in Malaysia, Nusantara Refinery located in Indonesia, Kumbango Refinery located in PNG and Industrial Enterprises Refinery in Thailand.

Nuri Refinery, which is located in Northport, Selangor (with a capacity of 660,000 MT per year), commenced its operations in January 2012 with its principal business focusing on the production of refined palm-based products. Austral Refinery, which is located in Bintulu, Sarawak, offers fully refined palm products. Its main markets are China, the Middle East and India. Our palm-based refinery, Nusantara Refinery, located in Pulau Laut, Kalimantan Selatan in Indonesia, has a capacity of 825,000 MT per year. The refinery was commissioned in 2013. Kumbango Refinery in PNG has a capacity of 140,000 MT per year. We have also acquired Industrial Enterprises Refinery, a 33,000 MT per year soya refinery in Thailand.

Our differentiated refineries which further process the basic refined products into products catering to customers' specific requirements are Jomalina Refinery and Kempas Refinery located in Malaysia, Morakot Refinery located in Thailand, Nha-Be Refinery located in Vietnam, Unimills Refinery located in the Netherlands, Hudson & Knight Refinery located in South Africa, and Liverpool Refinery located in the United Kingdom.

Jomalina Refinery is located in Teluk Panglima Garang, Selangor. It produces a complete range of semi-refined and fully refined palm oil products, specialty oils and fats, as well as refined PKO, supplied in bulk and various containers. In addition, it produces consumer products, ranging from vegetable ghee, shortening and dough fat to industrial margarine and cooking oil, packed in various materials and sizes. Jomalina Refinery received the RSPO certification for supply chain certification system from the Malaysian Palm Oil Seed Certifying Authority and the International Sustainability of Carbon Certification from AgroVet GmbH (an independent inspection and certification body) in March 2011.

Kempas Refinery is located in Pasir Gudang, Johor and manufactures palm oil-based vegetable oil, specialty fats and lauric acids. About 90% of its products are exported to Thailand, Europe, Japan, the Middle East, Russia, Ukraine, Mauritius and Algeria, with the remaining 10% sold in the domestic market.

Our Morakot Refinery is one of Thailand's leading refiners and manufacturers of cooking oil under the "Morakot" brand, a multi-award winning brand. The "Morakot" brand is Halal certified. Morakot Refinery's production is mostly for domestic use with about 20% being exported to Cambodia, Laos, Vietnam and Myanmar.
In Vietnam, Nha-Be Refinery located in Ho Chi Minh City, has its own brand of consumer packed cooking oils under the brand name "Marvela" and sells shortening and dough fat to industrial customers. About 80% of its production is for domestic sale and the remaining 20% is exported to Cambodia and Laos.

Unimills Refinery in the Netherlands is one of the largest diversified oils and fats blend manufacturers in Europe, with products supplied mainly to manufacturers of margarine, dairy, confectionery and snack products. Its major markets include Europe, North Africa and the Middle East.

Our wholly-owned subsidiary, SD Hudson & Knight, carries out its operations in South Africa and it operates a refinery and bakery fats business. Hudson & Knight Refinery, which is located in Boksburg, South Africa, produces and sells cooking fats and frying oils through the "Holsum" and "Crispa" brands, respectively. The primary market for its products is South Africa. SD Hudson & Knight plans to further expand its oil and fats business in South Africa by setting up a packaging and warehousing facility by July 2021.

In the United Kingdom, Liverpool Refinery sells palm oil derivatives such as frying oils, bakery fats and bulk oils for industrial use in the food and personal care sectors.

In Malaysia, we operate a KCP in Carey Island, Selangor, with a capacity of 180,000 MT per year, which commenced operations in July 2011. We also operate a KCP in Sarawak which has a capacity of 132,000 MT per year. In Indonesia, we own 2 KCPs which are located in Pemantang, Kalimantan Tengah (commissioned in 2015) and Rantau, Kalimantan Selatan (commissioned in 2014) with capacities of 45,000 MT and 60,000 MT per year, respectively. Our KCP capacity has also expanded by 152,640 MT per year, following the acquisition of NBPOL in 2015, with 5 KCPs in PNG and 1 in the Solomon Islands. Industrial Enterprises also has a soya crushing plant in Thailand with a capacity of 132,000 MT per year.

Our food segment business produces and markets FMCG such as cooking oil under various packages and brands. We conduct our food segment business through our wholly-owned subsidiary, SD F&B Marketing, which is the marketing arm for our Malaysian products, and its focus lies in the distribution and marketing of FMCG to the domestic and international retail markets.

Leveraging on our palm oil business and taking advantage of the nutritional benefits of palm oil, we are strengthening our portfolio by also venturing into the nutraceutical industry; for example, nutritional supplements such as tocotrienols and PURAFEX, our animal nutrition product.

7.5.2.2 Non-food-based operations

Oleochemicals

Our involvement in non-food-based operations, primarily oleochemicals, is through Emery Malaysia, a 50:50 joint venture with PTT Chemical International Pte Ltd based in Thailand. Emery Malaysia is principally involved in the manufacture and export of oleochemical products, including fatty acids, glycerine, fatty alcohols, triacetin, methyl esters and oilfield chemicals. Emery Malaysia also provides additives for the plastics industry. Emery Malaysia, through its subsidiaries, has manufacturing facilities and sales and marketing offices located in Asia Pacific, Europe and North America. It is one of the world's largest oleochemical producers.

Biodiesel

In biodiesel, we were one of the first companies to commercialise palm oil-based biodiesel production in Malaysia through SD Biodiesel. We started our biodiesel plant in mid-2006. Our biodiesel plant is responsible for the production of palm biodiesel in Malaysia. As at the LPD, we are upgrading our existing biodiesel plant in Selangor from the current capacity of 60,000 MT to 120,000 MT per annum multi-feedstock plant. As part of our commitment to our sustainability roadmap, renewable energy and carbon reduction initiatives, our biodiesel operation is considered to be an avenue towards a greener environment. This operation supports the Malaysian government's B10 Biodiesel Mandate to encourage the use of palm oil in biodiesel.

7.5.3 Others

7.5.3.1 R&D

Our strategic and operational R&D is committed towards developing, applying and transferring relevant knowledge, research findings and technologies to improve our plantation yields, milling processes and customise our downstream products. We aim to develop high yielding planting materials which will enable us to achieve better oil yields from our existing planted area.

As at the LPD, we have 5 R&D centres in Malaysia, Indonesia and PNG, as well as 3 innovation centres in Malaysia, the Netherlands and South Africa, housing over 200 researchers worldwide.

We focus on 3 key strategies comprising (1) yield and productivity improvements; (2) increasing revenue streams; and (3) developing sustainable practices while pursuing innovative strategies. These strategies do not only improve overall operational efficiency, but also create sustainable value for our stakeholders and position our Group as one of the leading integrated global plantation companies.

Our R&D work is organised into various units, including the following:

- Plantation Research: This unit consists of agronomy and crop protection units to ensure the well-being of our estates, usage of best planting materials and good agricultural practices. It also focuses on fertiliser application, coordinates R&D trainings for our estates and mills, and develops mechanisation solutions. Research and services are also conducted in the area of sustainability;

- Biotechnology and Breeding: This unit focuses on continuous improvement in yield and other desirable economic traits in oil palm and rubber planting materials using ultra advanced genomics and tissue culture technologies. This unit also conducts strategic research in applied chemistry and biotechnology to support the value chain and ensures sustainable planting of high yielding palms;

- Processing Technology: This unit recommends improvements to mill and refinery processes and provides laboratory analysis, and product development;

- Oils & Fats: This unit conducts fundamental research on downstream palm products and transfers technology to our innovation centres and subsidiaries for customised product development;

- Innovation Centres: This unit provides technical services to our global customers, develops new products and provides technical support to our refineries;

- Seeds and Agricultural Services: Through SD Seeds & Agricultural, Dami Oil Palm Research Station ("**Dami OPRS**") which is owned by NBPOL, and PT ASL, we mass produce elite oil palm planting materials for internal and external customers and provide estate consultancy services. For the FYE 30 June 2017, SD Seeds & Agricultural, Dami OPRS and PT ASL produced and sold over 15 million oil palm seeds and seedlings to our own plantations and external parties during the FYE 30 June 2017; and

- Environmental, Safety and Health: This unit facilitates and undertakes initiatives relating to quality, environmental issues, occupational, safety and health issues and sustainability within our Group.

Please refer to Section 7.14 of this Prospectus for further details of our R&D.

7.5.3.2 Renewables

We also aspire to diversify our income streams and invest in potentially high margin businesses for our upstream and downstream non-edible products. This unit looks into using feedstocks within the palm oil value chain to enhance our green technology initiatives, such as biomass, biogas and composting. Some initiatives are carried out via co-investments with strategic partners which include:

- Verdezyne: Leveraging on biology to produce chemicals from renewable non-food sources;

- Biosynthetic Technologies: Producing a new class of bio-based synthetic molecules that are made from organic fatty acids found in plant oils; and

- MyBiomass: Using palm biomass waste to produce high value green chemicals.

Please refer to Section 7.15.4 of this Prospectus for further details of our investments in biotechnology business.

7.5.3.3 *Agribusiness*

Our agribusiness segment sells our RSPO-compliant rat bait and markets agricultural and products such as cover crop seeds, fertilisers, planting material seeds and other agricultural products. Our wholly-owned subsidiary, SD Agri-Bio sells harvesting poles, cover crop seeds and rat bait products to external plantation companies and corporations or government agencies as well as to smallholders via a network of local distributors.

7.6 PROCESS FLOW

7.6.1 Upstream

7.6.1.1 FFB

The key activities and processes of our Group's upstream operations are as follows:

Nursery and planting

Once the seeds have been germinated and seedlings are being produced, they are transplanted and raised in the nurseries, which are usually located at each of our SOUs. Culling, the process of segregating the seed planting from undesired activities occurs as early as 3 months. The seedling is grown for a period of 12 to 14 months before being planted in the fields.

In the field, young oil palm are planted at about 29 feet apart, in equilateral triangle patterns that results in about 148 oil palm per Ha, on a normal density scale. Generally, oil palm start producing fruits and begin commercial harvests after 3 years of field planting.

Upkeep

Proper plantation management is vital in ensuring optimal FFB yield. During the growing period, workers are required to take care of the plantation and perform up-keeping activities such as weeding, sanitation, pest and disease management, water management and soil fertilisation. In addition, establishment of leguminous cover crop is essential to maintain moisture, prevent soil erosion and increase soil fertility.

Integrated pest management promotes the use of self-sustaining and non-chemical solutions such as barn owls and beneficial plants to manage pests. If the method of introducing a natural enemy or predator is not sufficient to control the pests, environmentally friendly pesticides are used.

In addition, we manage and ensure that all abnormal palms and runts are replaced within the first 12 to 18 months infield. We also perform ablation or castration, which is a practice of removing young male and female inflorescences during the immature period to divert nutrients from production of uneconomic fruit bunches into vegetative growth, thus improving palm vigour and its root system.

Harvesting and transportation

Upon 3 years of planting, the oil palm is deemed mature and ready for commercial harvesting. We harvest when there is optimum bunch ripeness, which is determined when there are about 5 loose fruits on the ground. Harvesting is done manually at manageable and practical intervals of 7 to 10 days. Harvesting occurs all year round which produces an uninterrupted supply of oil.

FFB are collected through manual collection, or evacuated from the estates using wheelbarrows, mechanical buffaloes or mini tractor grabbers depending on the terrain. Subsequently, our harvested FFB are sent to the palm oil mills which are located near our plantations by tractors and trucks. The loose fruits are also collected, segregated, quantified and transported to the palm oil mills.

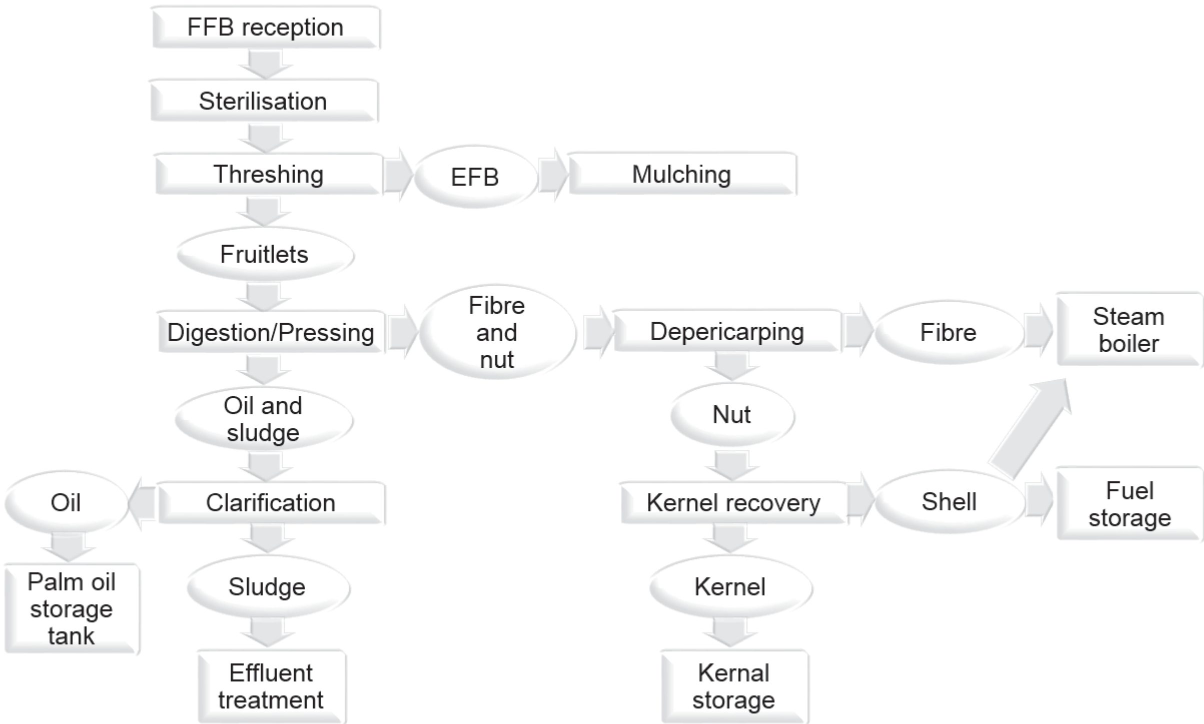
We aim to fully process all the fruits within 24 hours after harvesting to minimise the build-up of free fatty acids that can potentially reduce the quality of CPO produced. As such, the proximity of our mills to oil palm estates is crucial to maintain the quality of our CPO, as well as to optimise our transportation cost.

Replanting

The typical economic life span of an oil palm is about 25 years so replanting of oil palm is performed to ensure stable productivity. Initial preparation and planning include considerations on the scope of work and availability of appropriate and adequate number of machines and equipment. The timing of operations to coincide with favorable weather to minimise soil disturbance during planting of palms is also taken into consideration when planning and preparing for replanting. Budgetary considerations, and also the history of the area in terms of diseases and pests are also key determinants. Diseased palms should be felled ahead of the replanting operations and the palm bole and the adjoining root mass should be removed and exposed to sunlight for 2 weeks to prevent future infestation of Ganoderma, a white rot fungus that can kill palm trees, and other diseases.

7.6.1.2 CPO

The flow chart below illustrates the process of extracting CPO and PK from the FFB collected from our estates:



Once the FFB and loose fruits arrived at the mill, they are weighed and graded based on their quality; for example, ripe bunches, overripe bunches, unripe bunches, long stalk or contamination from debris. The grading system allows the mill to advise the corresponding estate to take actions to improve crop quality.

The fruits are then sterilised, where the fruit bunches are cooked under steam pressure to halt fatty acid production and ease separation of the fruits from the stalk. The separation of the fruit from bunches is carried out in the next stage of the palm oil extraction process, called threshing where they are rolled and threshed in a revolving slated steel drum to separate the fruit from bunch stalks.

Then, the fruits are conveyed to the fruit digester. Steam is injected into the digester in order to release the oil in the fruit by rupturing oil bearing cells in the mesocarp. Mechanical arms are used to loosen the mesocarp from the nuts of the fruits.

The fibre nuts mash is placed in a perforated press cage and pressed. The oil or CPO and moisture from the fibre nuts mash is squeezed out, leaving a compacted mass known as the press cake. CPO is then purified and sent to our refinery for further processing.

The loosened pressed cake undergoes a process called the depericarping to separate the fibre from the nuts. The fibre collected from this process is used to generate fuel for the palm oil mill, while the nuts are conveyed to kernel recovery processing machinery for shell and PK separation. Then, PK are delivered to our KCP for PK oil extraction.

Please refer to Section 7.15.1.2 of this Prospectus for details of the technologies adopted in our mill operations.

7.6.2 Downstream

7.6.2.1 KCP

PK is first screened for stones and foreign matter on site. Then, the PK is transferred into silos.

From the silos, it is transferred into the extractor via screw conveyors. The PK undergoes a 2-stage expelling process to extract CPKO and its co-product, PKE. The latter is generally used as animal feed.

7.6.2.2 Refinery

We use the following refining processes to produce products with textures and characteristics that meet our consumers' requirements, such as bland flavour and odour, clear appearance and frying stability.

CPO can go through 2 different processes, i.e. chemical refining process or physical refining process. The former involves neutralisation and physical refining, producing neutralised, bleached and deodorised (NBD) palm oil, whilst the latter involves physical refining only producing RBD palm oil.

Alkaline Refining (Neutralisation)

This process removes free fatty acids from CPO to produce neutralised palm oil. CPO is first gum-conditioned with phosphoric acid. This is then followed by caustic neutralisation. In this process, the free fatty acids are first removed to below 0.25% as soapstocks. The soapstock, a product of alkali treatment, is normally split from the mineral acid (sulphuric acid) and sold as a by-product called palm acid oil.

The neutralised oil, after separation from the soapstock, is washed with water and dried under vacuum, and can be then further refined.

Physical Refining

In this process, the crude, or neutralised oil is maintained at 45ºC to 50ºC and is then fed into the refining plant via the pre-treatment section under vacuum. The crude oil is heated up to 100ºC and is treated with food-grade phosphoric acid and bleaching earth to remove impurities such as gums and trace metals which results in slurry oil.

The separation of the slurry oil is then done by filtration. The filtered oil, which is called bleached oil, is then transferred into the deodorising section, where the oil is heated up to 230ºC to 260ºC under vacuum. The purpose of deodorising is to eliminate odour and further reduce free fatty acids to below 0.10%.

Fatty acid distillate is then separated from RBD palm oil, by stripping steam under vacuum.

Fractionation

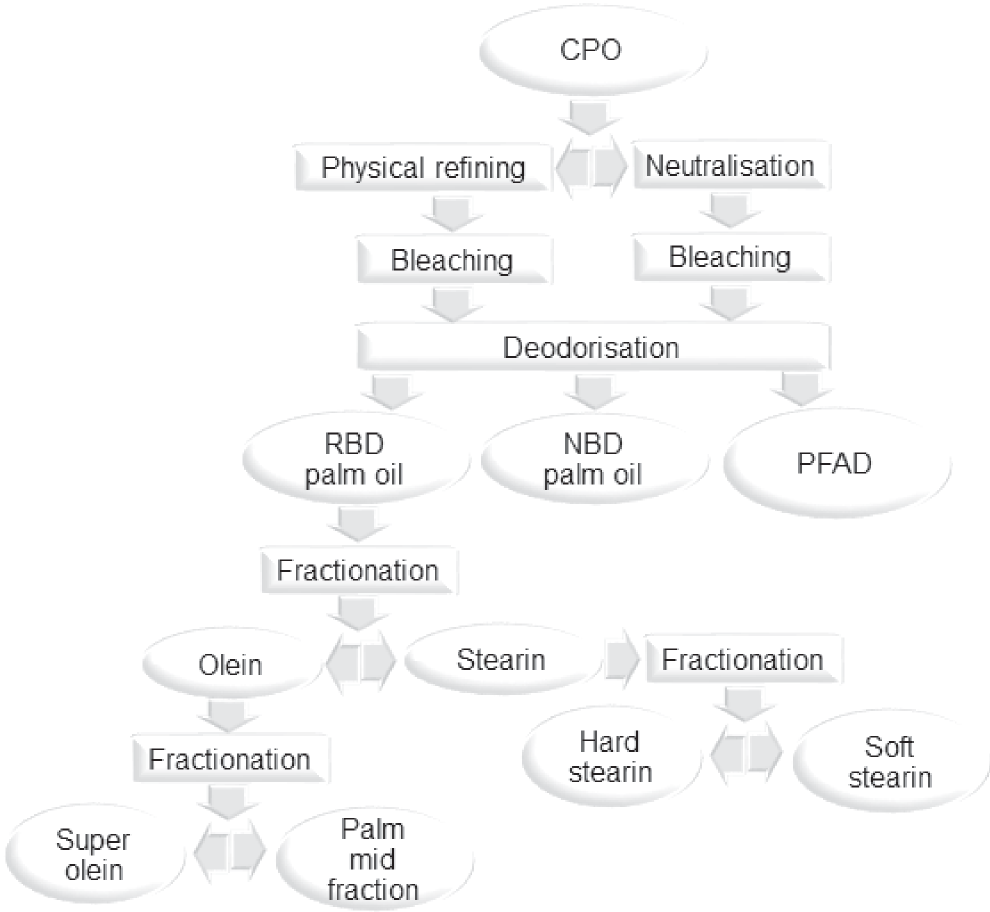
The fractionation process separates palm oil into their fractions, olein and stearin. The separation process can be done either for CPO or refined oil.

The CPO or refined oil is first preheated to a temperature of about 65ºC before being fed into the crystallisers. Heating the oil ensures that existing crystals in the oil are completely dissolved to prevent undesired solidification during the cooling process.

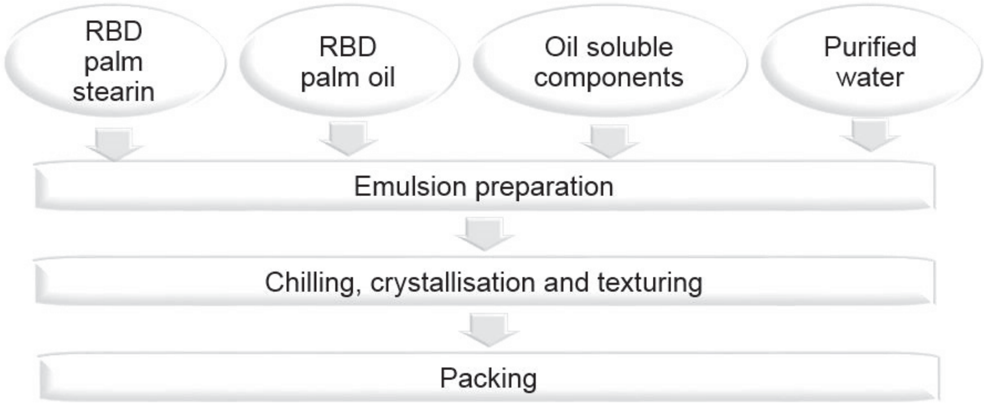
Fractionation then involves cooling the oil to a desired temperature, which consequently crystallises the oil, turning it into a slurry. Crystallisation enables physical separation of the 2 fractions, as they have different compositions. The formation of the slurry with the correct crystal size and dispersion is important for good separation during filtration.

Post the crystallisation process, the slurry will be discharged to a membrane filter, where the crystals and liquid fractions are separated. The fractions, olein and stearin can be further fractionated into super olein and palm mid fraction, as well as hard stearin and soft stearin, respectively.

The following diagram illustrates the refinery process of CPO:



The diagram below shows how RBD products, such as RBD palm stearin and RBD palm oil are processed into margarine and shortening. The appropriate amount of oil and water mixture will go through emulsion preparation where they are mixed and agitated to produce pre-emulsion. For margarine production, the pre-emulsion is then pumped, refrigerated and texturised so a soft, homogenous emulsion is produced, i.e. the margarine before it is finally packed for sales.



7.6.2.3 Oleochemicals

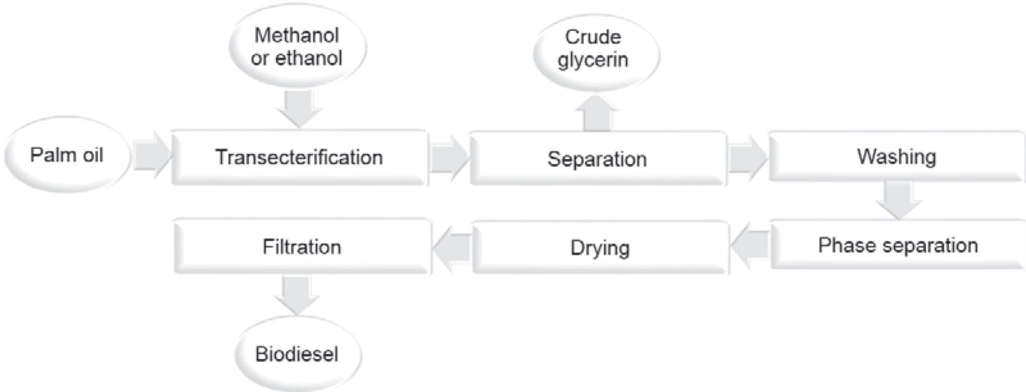
RBD palm oil, RBD palm stearin and CPO are main feedstock for oleochemicals produced at our associate, Emery Malaysia's manufacturing facilities, located within Asia Pacific. It goes through various chemical and enzymatic reactions called splitting, distillation, hydrogenation and fractionation to obtain the basic oleochemical substances; for example, fatty acids, fatty acid methyl esters (FAME), fatty alcohols, fatty amines and glycerols. Then, these oleochemical substances are further processed (either via esterification or sulphonation) to become specialised functional additives for the use in products such as detergents, lubricants, resin additives and food additives, home personal care such as cosmetics as well as coatings, such as paints, through different chemical processes depending on the product requirement.

Production in Emery Malaysia's North American manufacturing facilities follows a similar process; however, using tallow as the main raw material input. Additional downstream processes are in place; for example, via ozonolysis using feedstock from the fatty acids production, which will lead to production of pelargonic acids, which is used predominantly for the agrobusiness sector and azelaic acid, which is used as additives for a number of sectors such as plastics, nylon and lubricants. In addition, another process called glycolysis allows Emery Malaysia to recycle scrap foam into polyurethane.

Our Europe manufacturing facilities do not produce basic oleochemicals and is instead focused on the esterification of additives for the plastic industry as well as for the production of lubricants.

7.6.2.4 Biodiesel

Biodiesel or biofuel is produced through chemical reactions, namely transesterification and esterification which involves palm oil being reacted with short-chain alcohols, typically methanol or ethanol, in a number of consecutive, reversible steps to form esters and glycerol. The residual catalyst is then removed from palm oil-based methyl esters, which is then washed, dried and filtered to achieve high-quality biodiesel that meets international standard specifications.



7.7 SALES AND MARKETING

7.7.1 Modes of sales and marketing

We market and sell CPO, PK and refined products such as PKE, PKO, stearin, olein and other packed products. Our sales and marketing team is led by the Head of Downstream, supported by 3 Regional Heads, Head of Global Bulk Sales, Head of Global Packed Product and our supporting customer solutions team.

Our Global Bulk Sales Team is responsible for the distribution of our CPO and PKO to our refineries and third parties, sourcing of feedstock for our bulk refineries (both internal and external sources), and the sale of our Commoditised Products produced in Malaysia and Indonesia.

Our Global Packed Product Business Team is responsible for sales of packed products which include palm, lauric and soft oil based products. Packed products are sold in smaller pack sizes, branded and targeted for business-to-business ("**B2B**") and business-to-customer ("**B2C**") customers. Products sold include cooking oils, specialty fats, blended oils, phytonutrients and animal feed.

In line with our strategy to focus on converting more of our Commoditised Products into differentiated products with higher margins, we are now introducing new product offerings and marketing such products to existing and potential customers, in both Malaysia and overseas markets.

For Commoditised Products, guided by the Bursa Malaysia Palm Oil Derivative Exchange and physical market prices, we sell our oil on both spot and forward basis to the domestic, destination and futures markets. Our major destination markets for bulk CPO and products are India, China and Europe. Although trades are mostly conducted directly with customers, brokers are sometimes used to conduct these sales.

We use various distribution channels to move our packed products, which is being marketed locally where the refineries are located, and internationally to various destination markets including Southeast Asia, Middle East, Europe and North America. The mode of sales used includes direct sales to customers, participating in global tenders and engaging brokers or distribution agents such as retailers and dealers.

Adopting a centre-led approach, our 3 Regional Heads of Asia Pacific, Africa and Europe regions are given the mandate to formulate their own go-to-market strategies and drive tactics to increase sales and market share for both B2B and B2C markets in their respective regions.

Focusing on being the preferred sustainable palm oil supplier, our downstream operations are expected to be the driver of growth for us through:

- increased production of differentiated products ranging from food ingredients, human nutrition, animal nutrition, biodiesel and oleochemicals;

- enhanced supply chain operations to connect our palm oil production to destination markets and customers; and

- expansion in "Waste-to-Wealth" initiatives, in which co-products such as PFAD and PKE, will be fully used and converted into high value products.

7.7.2 Sales guidelines

Our traders and sales team are encouraged to sell directly to customers instead of using intermediaries to minimise transaction costs. However, sales via pre-approved brokers or agents are allowed as a mean to expand sales channels and during challenging market environments.

Our sales are contracted only with financially sound pre-approved customers. Our approval process includes ensuring that the customers meet the criteria set by our Operational Risk team and endorsed by our Credit Committee.

7.7.3 Sales of sustainable oil

Our downstream team is committed to deliver sustainable, traceable and high premium quality products as demanded by our customers. To ensure the products we supply to our customers come from a known source, a traceability dashboard known as "Open Palm" was introduced. "Open Palm" is a web-based application which allows customers access to key data, such as the location of oil mills, and the estate where the palm oil we procure for our refineries originate from, which assures our customers that palm oil products sourced from our Group do not come from conflict areas.

7.8 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS, CONSUMABLES AND SPARE PARTS

The majority of the FFB processed by our mills are sourced from our own plantations. In order to maximise the utilisation of our mills, we also purchase FFB from neighbouring third party estates/suppliers for milling. The table below illustrates the breakdown of FFB produced and processed by our Group for the past 3 financial years:

	Malaysia	**Indonesia**	**PNG and the Solomon Islands**	**Liberia**	**Total**
			FYE 30 June 2015		
FFB crop production (MT)	5,936,613	3,050,823	650,113	-	9,637,549
FFB processed (MT):					
- Own	5,929,814	3,050,236	650,113	-	9,630,163
- Third parties	284,856	714,470	222,881	-	1,222,207
Total	**6,214,670**	**3,764,706**	**872,994**	**-**	**10,852,370**
			FYE 30 June 2016		
FFB crop production (MT)	5,256,834	2,745,212	1,615,794	2,665	9,620,505
FFB processed (MT):					
- Own	5,255,597	2,733,739	1,615,795	2,665	9,607,796
- Third parties	316,528	699,972	531,212	-	1,547,712
Total	**5,572,125**	**3,433,711**	**2,147,007**	**2,665**	**11,155,508**
			FYE 30 June 2017		
FFB crop production (MT)	5,293,071	2,671,576	1,792,361	27,038	9,784,046
FFB processed (MT):					
- Own	5,293,068	2,669,115	1,792,361	27,038	9,781,582
- Third parties	544,180	728,156	581,782	3,348	1,857,466
Total	**5,837,248**	**3,397,271**	**2,374,143**	**30,386**	**11,639,048**

Our Group's purchases can be categorised into fertilisers, agro chemicals, fuel/lubricants, replanting contractors, consumables and spare parts. We purchase both local and imported fertilisers from various sources as there are many fertiliser suppliers in the market. One of the key component of fertiliser is nitrogen. The source of nitrogen is from urea and ammonia, which is the by-product of the crude oil process. In addition, crude oil is also used during production of fertilisers. Therefore, crude oil price is one of the key factors influencing the price of fertilisers as well as the costs of our production.

Our agro chemicals and fuel/lubricants are procured locally for Malaysia and Indonesia, and imported from the nearest regions for PNG and the Solomon Islands, and Liberia. The reason for importing agro chemicals and fuel/lubricants for PNG and the Solomon Islands, and Liberia is because there are limited suppliers in PNG and the Solomon Islands, and Liberia, unlike Malaysia and Indonesia, where there are many suppliers in the market and the risk of shortage is very low.

Contractor services are generally procured locally for replanting work in our estates.

We procure spare parts to replace parts for our machinery and equipment from various suppliers which are procured locally for Malaysia and Indonesia, and imported from the nearest regions for PNG and the Solomon Islands, and Liberia. The reason for importing spare parts for PNG and the Solomon Islands, and Liberia is because there are limited suppliers in PNG and the Solomon Islands, and Liberia, unlike Malaysia and Indonesia, where there are many suppliers supporting the oil palm industry in the country and thus, spare parts are available at relatively stable costs.

7.9 MAJOR SUPPLIERS

We do not have any major supplier who contributes 10% or more of our purchases for each of our past 3 financial years. We are not dependent on any of our suppliers and we are well-positioned to secure new suppliers should the need arise.

7.10 MAJOR CUSTOMERS

We sell a wide range of products to our customers worldwide, primarily in Malaysia, India, Thailand, Indonesia, South Africa, China, Vietnam, Singapore, PNG and the Solomon Islands, Germany, the United Kingdom, the Netherlands and other European countries.

Our product offerings include:

- palm products (CPO, PK, FFB, sludge oil and PK shell) produced by our estates and oil mills;
- rubber products (SMR and latex) produced by our estates and factories;
- Commoditised Products;
- differentiated food products produced by our refineries; and
- differentiated non-food products produced by our biodiesel, oleochemical and nutrition plants.

Our revenues by location of customers for the past 3 financial years are as follows:

	FYE 30 June 2015		FYE 30 June 2016		FYE 30 June 2017	
Country	**RM '000**	**%**	**RM '000**	**%**	**RM '000**	**%**
Malaysia	2,815,767	27.3	2,775,144	23.2	3,364,130	22.8
European countries[(1)]	1,916,438	18.6	3,055,874	25.6	3,228,061	21.8
India	1,409,713	13.7	1,855,993	15.5	2,814,295	19.0
Indonesia	1,257,293	12.2	906,857	7.6	1,100,193	7.4
South Africa	611,824	5.9	581,521	4.9	684,397	4.6
PNG and the Solomon Islands	119,060	1.2	235,423	2.0	340,024	2.3
China	187,558	1.8	403,329	3.4	321,066	2.2
Liberia	605	*	470	*	11,446	0.1
Other Southeast Asian countries	1,534,191	14.9	1,643,414	13.7	1,915,184	13.0
Other countries	451,592	4.4	488,439	4.1	1,000,585	6.8
Total revenue	**10,304,041**	**100.0**	**11,946,464**	**100.0**	**14,779,381**	**100.0**

Notes:

* *Less than 0.05%*
(1) *Includes the United Kingdom*

We have a broad customer base worldwide and are not solely dependent on any one customer. Accordingly, we do not have any major customer who contributes 10% or more of our revenue for each of our past 3 financial years.

7.11 COMPETITION

Please refer to Section 8 of this Prospectus for details of the barriers to entry and competition.

7.12 BUSINESS INTERRUPTIONS

There has not been any interruption in our business which had or may have a significant effect on our Group's operations during the past 12 months preceding the date of this Prospectus.

7.13 SEASONALITY

Generally, there are peak and low crop seasons for the production of FFB. The production in our Malaysian and Indonesian operations tends to increase in the second half of the year as a result of favourable weather and rainfall patterns. In PNG and the Solomon Islands, the counter-cyclical crop trend complements the peaks and lows experienced in Malaysia and Indonesia.

However, FFB production could be adversely affected by extreme weather patterns such as El Nino and La Nina. Prolonged dry conditions brought on by El Nino could induce moisture stress in palms and reduce production, depending on the severity of the drought. Meanwhile, prolonged wet conditions caused by La Nina could disrupt pollination, harvesting and transportation, leading to a decline in FFB production.

While some seasonality in demand can be observed, they tend to be specific to different regions. Hence, the overall global demand for CPO, PKO and PK is generally consistent throughout the year as it is widely used in food and non-food applications.

7.14 R&D

As at the LPD, we have 5 R&D centres in Malaysia, Indonesia and PNG, as well as 3 innovation centres in Malaysia, the Netherlands and South Africa, housing over 200 researchers worldwide.

We also have a fully operational genetic testing facility in one of our R&D centres in Malaysia, which will be used to commercialise high yielding oil palm with secondary traits for harvesting efficiency and climate resilience.

Our R&D departments' contributions include:

- introduction of zero-burning replanting technique;
- integrated pest management;
- conversion of EFB and POME into compost for plantations;
- developing new series of high quality oil palm planting material;
- completion of the full sequencing, assembly and annotation of the oil palm genome;

- further optimisation of downstream processes to improve refinery's efficiency and product quality;
- developing and commercialising of healthier oil and nutraceutical products; and
- membrane latex filtration, leading to higher recovery of latex concentrate from waste streams.

The following are some of the key initiatives carried out by our Group in the FYE 30 June 2017:

(i) Genome Select high yielding planting materials

We planted 100 Ha of land with the first product from our proprietary genome technology, the Genome Select high yielding oil palm. This planting material can potentially deliver 15% higher oil yield than our Group's current commercial offering, Calix 600.

The upscaling of the seed production is underway and we plan to plant a further 500 Ha of land with the Genome Select seedlings by April 2018. We will continue to upscale seed production to fully supply to all our replanting requirements in Malaysia by 2023.

(ii) Climate change and water

We have established initiatives and research programmes to collect data on climate and plant physiology to understand, through modelling, the effects of soil water level on the performance of oil palm. Combined with water flow mapping, the technologies we are evaluating would mitigate the adverse effects of water deficit and excess, as well as provide real-time information to estate managers. This would help to ensure optimum water penetration and distribution in the soil, and also to minimise the surface runoff of soil and agronomic inputs such as fertiliser.

(iii) Precision agriculture

We need to manage a vast amount of information to ensure optimum performance of our plantations. We often require dedicated manpower for our operations but this is still subject to human error. Our objective is to minimise manpower requirements and enhance the integrity of information collected.

One of the platforms being actively tested is unmanned aerial vehicles, which is used to take images of the plantations. We develop and test the methods to evaluate the parameters we are interested in such as planting plans, location and health of trees to support estates in maximising palm health and productivity. These efforts will lead towards a more efficient resource management, optimum plant performance and improved traceability of products, and allow for early identification of undesirable events such as pest infestation and disease.

(iv) Mechanisation

The goal for mechanisation is not just cost efficiency but also to eliminate undesired outcomes in other closely-linked business processes. We have dedicated teams developing solutions for mechanisation and automation of key steps in the palm oil value chain from seed production to estate and mill operations. Some on-going initiatives include the tracking of individual seeds for traceability, the use of loose fruit collectors for improved collecting efficiency, improving laboratory testing, and mill process monitoring automation.

(v) Oil extraction enhancement

We are at the final stage of evaluating an improved method of extracting palm oil. Upon successful evaluation, it is estimated that our OER will increase by 1%. We also have a programme working on recovering oil wastage during the oil mill processes. This would not only generate additional value but also support our target for zero discharge from the oil mills.

(vi) Superior palm oil

We continuously work towards developing new products and improving the quality and sustainability of our products. We are currently upscaling the production of new types of superior quality palm oil using our proprietary technologies. The benefits from these superior quality palm oils are higher functionality, longer shelf life and better health properties. Such superior grade oils could secure us better access to the markets and command a premium for the quality they deliver.

The amount that we have spent on R&D activities for the past 3 financial years are as follows:

	FYE 30 June 2015		**FYE 30 June 2016**		**FYE 30 June 2017**	
	RM' million	**% of total revenue**	**RM' million**	**% of total revenue**	**RM' million**	**% of total revenue**
R&D expenses	106.4	1.0	120.5	1.0	114.9	0.8

7.15 TECHNOLOGY USED

The technologies that we adopt as part of our upstream and downstream operations include the following:

7.15.1 Upstream

7.15.1.1 Estate operations

(i) Infield mechanisation

Harvesting, collection and transportation

Our harvesting operations in Malaysia are conducted using skilled and unskilled harvesting workers through work specialisation. This is premised on the assignment of specific duties to individual harvesters based on their respective individual capabilities, whether skilled (for example, cutter and machine operator) or unskilled (for example, frond stacker and loose fruit picker).

We have classified our harvesting system into 3 categories, based on the harvesting, collection and infield transportation system used: Sime Darby 1 ("**SD1**") uses wheelbarrows; Sime Darby 2 ("**SD2**") uses mechanical buffaloes, i.e. the 3 wheeler compact machine used in terraced fields to load fruit bunches; and Sime Darby 3 ("**SD3**") uses mini tractor grabbers which are mounted mini cranes that grab fruit brunches in the flat and undulating fields. Since 2010, we have been streamlining and standardising our harvesting systems and processes to ensure consistent implementation of mechanisation. Pursuant to this initiative, we have reduced manual operation in our Malaysian operations, and the harvester to Ha ratio for our Malaysia's plantations has improved from 1:16 Ha using SD1 to 1:24 Ha using SD2 and SD3.

The same harvesting system has been replicated, starting with SD1, in Indonesia about 2 years ago. Currently, there are about 27,000 Ha under SD1 in Indonesia. Meanwhile, in PNG, a pilot project under SD1 started in 2017.

Mechanical application

In Malaysia, the Multi-Bin Silo ("**MBS**") system has been in operation over 30,000 Ha of land. Under the MBS, the fertiliser is initially transported and handled in bulk via tankers. The fertiliser is then discharged into bins, which are then channelled into fertiliser spreaders for field application.

In Indonesia and PNG, fertiliser application is undertaken using 50kg bags. These bags of fertiliser are discharged into fertiliser spreaders for field application.

We have also introduced turbomisers for pests and diseases spraying in immature fields in Indonesia since 2015. The turbomiser is a single person-operated tractor mounted sprayer. In Malaysia, the same turbomisers are already operating.

Since 2016, mechanical EFB spreaders for EFB application were introduced in Malaysia and Indonesia. The EFB spreader is a single person-operated tractor with an EFB spreader which collects, transports and spreads EFB directly on the frond stacking rows in the field.

(ii) Water management

Innovative water management is key to overcoming extreme weather conditions such as the recent Super El Nino. We are currently embarking on various water management and conservation measures, including irrigation to ensure that our estates and mills maintain adequate and consistent water supply during prolonged dry months.

(iii) Sime Darby Digital Supervision ("SDDS")

To enhance harvesting supervision and reduce paperwork, our employees in the field are provided with SDDS which enables real time and online reporting from the estates. This technology has allowed for improved transparency of field harvesting supervision and ease of reporting by the estate managers and assistants as well as supervisors. Information is immediately captured to provide timely data availability for a precise analysis of our estate performance and mitigation of any issues. The implementation of SDDS leads to effective process monitoring, higher productivity, efficient decentralised decision making and the elimination of the need to carry out routine and repetitive paperwork.

7.15.1.2 Mill operations

A significant part of our strategy for continuous improvement in our mill operations is the adoption of technologies to further enhance efficiency and product recovery.

(i) FFB reception

At this stage, FFB are received from estates by our mills.

In this regard, we have adopted the best practices to minimise FFB bruising by providing adequate FFB storage in the form of hoppers and bins in all our mills in Malaysia, Liberia, PNG and the Solomon Islands and where feasible, in Indonesia. We are also looking into introducing a FFB grading conveyor in all our mills to reduce bruising of FFB during grading. These practices can improve oil quality by reducing free fatty acid level in CPO production.

To further enhance CPO quality, an FFB washing system has been developed by our Engineering and R&D departments, and has been commissioned in 1 of our mills in October 2017. This system will remove all debris and sand, as well as reduce the wear and tear of equipment to reduce mill breakdown and maintenance cost.

(ii) Sterilisation

Sterilisation is the process where FFB are sterilised prior to being processed.

We have been moving away from the conventional system of using cages and have incorporated a new and improved continuous sterilisation system for our new mills. Besides mitigating the risk on safety, this automated system also reduces oil wastage in EFB and in steriliser condensate to further enhance oil recovery in our mills. Currently, 7 of our mills are using this system.

(iii) Clarification

Clarification refers to the process of separating oil, sludge and solids.

Most of our mills in Malaysia, Indonesia and PNG are using the decanter system which separates the solids from the oil in a fully continuous operation. Solids discharged are recycled into the presser to extract residual oil. We have adopted this system since 2005 which has reduced our dependency on manpower and further enhanced processing efficiency.

(iv) Steam generation

We are gradually replacing our steam boilers with higher efficiency boilers and reducing manual operation intervention by incorporating vibrating fire grates which maintains the boiler pressure to better manage the reduction in biomass fuel usage and increase mill processing efficiency.

We have installed the Electrostatic Precipitator at 2 of our Malaysian mills and plan to gradually install the system at all our mills in due course. Additionally, we have also adopted automated boiler water quality control systems at 2 of our mills to enhance boiler efficiency.

(v) Effluent treatment

In supporting green technology strategy, we have embarked on several initiatives that are in line with our Company's aspiration on environmental sustainability. These include, among others, dewatering system (for the removal of solids from sludge) and treated effluent water recycling facilities for irrigation of our estates.

We have reduced our carbon emission footprint by using a methane gas capturing facility which works by capturing methane produced by effluent ponds which is then used to generate power or otherwise flared. This facility is currently in operation at 6 of our Malaysian mills while construction of this facility is underway at another 3 mills (2 in Indonesia and 1 in Malaysia).

(vi) Other technologies adopted

For information and data management, we are also using the Sime Darby Plantation Estate, Mill and Upstream Application (SEMUA 2.0) data tracking system which is the second generation of an integrated centralised platform linking all upstream operations (from estate office to field and from mill office to factory floor) in Malaysia, Indonesia and Liberia.

This updated platform has allowed new technologies such as several mobile solutions; for example, FFB count, Genome breeding, geotagging and FFB grading, to be used to further support our upstream business units. Through such centralised operations data tracking, we are able to obtain real-time information and analysis for all our mills at any time, thus facilitating quicker decision-making at our operations.

Most of our mills and refineries have also been equipped with closed circuit televisions for better security and processing tracking efficiency.

7.15.2 Downstream

At the Nuri and Nusantara Refineries, we have started using the ice condensation vacuum system for refining. The ice condensation vacuum system is an alternative to the traditional vacuum system which enables the process steam to condensate at process pressure. When deployed in a refinery in appropriate conditions, such system reduces operating cost significantly via a reduction in waste water discharge. Furthermore, the ice condensation vacuum system's operating cost is lower in comparison with traditional systems due to the reduction in steam consumption. This, in turn, compensates the higher investment costs for the ice condensation vacuum system.

In addition, we have also improved the layout of our newer plants and facilities to further enhance operational efficiency. The placement of machinery and equipment and the allocation of space for various activities in the plants and facilities are important to improve productivity, safety and quality by:

- removing unnecessary handling of product materials through minimisation of the distance between materials, operators and machines; and

- reducing equipment handling.

Our Liverpool Refinery is an example of a technologically efficient and automated refinery which has allowed us to operate with a lean headcount of 78.

In improving our layouts for plants and facilities, we also take into consideration any future expansions.

7.15.3 Renewables operations

We constantly explore opportunities along the palm oil value chain to create new products and sources of revenue; for example, through the implementation of sustainable businesses, such as compost production from palm oil mill by-products and waste-to-energy processes, as a way to monetise POME.

7.15.3.1 Composting

As at the LPD, we own and manage 13 compost plants and target to complete the acquisition of another 7 compost plants in 2017. These compost plants convert EFB, POME and boiler ash into compost through fermentation. The fermentation process will degrade the feedstock which is accelerated by managing the aeration process. A significant portion of the compost produced is applied in our estates for nutrient replenishment and soil improvement, to complement the use of inorganic fertilisers.

7.15.3.2 Biogas

In line with our objective of meeting the 40% carbon emission intensity reduction target by 2020, and to comply with potential future regulations on methane emission by the MPOB, several biogas plants have been and are currently being developed at our palm oil mills for the purposes of feed-in-tariff, bio-compressed natural gas and captive power. In Malaysia, we have completed 5 plants, and are developing more. We have 2 plants in Indonesia, and 2 in PNG (albeit for captive power).
Purified biogas produced is converted into electricity by a generator and fed into the grid for the feed-in-tariff programme. Bio-compressed natural gas is a 95% purified methane gas which is compressed and can be used as an alternative to liquefied natural gas to fuel burners/boilers. As for captive power, biogas produced is captured and used to power up engines in our mills. 2 of our biogas plants in Flemington and Hadapan Oil Mills were developed through a joint venture with TNB Energy Services Sdn Bhd for feed-in-tariff purposes.

7.15.3.3 Power generation

We are also exploring other power generation technologies that can potentially generate cheaper power and steam for palm oil mills as well as to manage waste. For example, technology and economic assessments are currently being conducted on high pressure boilers to produce steam to generate power for our oil mills. Another technology being evaluated is the gasification of palm oil mill biomass to produce syngas that can be used as fuel in boilers or for combustion in gas engines to generate both power and steam.

7.15.3.4 Other operations

In the course of our replanting exercise, we concurrently conduct assessments for soil improvement possibilities which includes possibilities of minerals in our mature fields. Extraction of minerals is not a core activity but we receive tribute income from third party contractors who are engaged to extract such minerals using sustainable and environmentally sound methods and technologies. These third party contractors are carefully selected based on their credentials, reputation and compliance with all relevant legal requirements. Careful environmental and community-based assessments are also conducted prior to our partners carrying out any mining-related activities. We conduct active supervision on the mining operations of our partners to ensure all agreed controls are adhered to and look for continuous improvements in efficiency and standards.

7.15.4 Emerging industrial biotechnology businesses

We have invested in 3 emerging industrial biotechnology companies; namely, Verdezyne, Biosynthetic Technologies and MyBiomass.

This portfolio of investments mainly focuses on novel proprietary technologies proven at pilot or demonstration production scales, and have the potential to utilise palm-based feedstock. The feedstock amongst others includes oil palm fronds, oil palm trunks, CPO, PKO, EFB, mill effluents, kernel cakes, shells, palm olein, palm stearin, and fatty acid distillate.

Verdezyne, a California-based biotechnology company, has the technology to produce high value bio-based chemicals, such as dodecanedioic acid and carotenoids (for example, lycopene, betacarotene and astaxanthin), using a proprietary yeast engineering platform. Synthetic biology technology was adapted to genetically manipulate the yeast strain to metabolise palm-based feedstock into targeted products. Its first commercial plant, located in Iskandar Puteri, Johor Bahru, Malaysia is currently under construction and will commence operations in 2018. As at the LPD, we hold 36.0% equity interest in this company.

Biosynthetic Technologies, another company based in California, has the technology to produce high value bio-based synthetic lubricant base oil from the catalytic conversion of organic fatty acids found in palm oil products; CPO, PKO and oleic acid. The synthetic lubricant base oil, has potential applications in motor oil, industrial lubricants and cosmetics. As at the LPD, we hold 7.8% equity interest in this company.

MyBiomass is a joint venture between our Company, Felda Agriculture Services Sdn Bhd, a subsidiary of Felda Global Ventures Holdings Berhad, and A-Bio Sdn Bhd, a subsidiary of the Malaysia Industry-Government Group for High Technology. This joint venture aims to develop technology to convert oil palm by-products into high value green chemicals. Currently, MyBiomass, together with American Process Inc., is conducting a joint development on the production of nanocellulose and mixed C5-rich sugars stream from EFB. As at the LPD, we hold 30.0% equity interest in this company.

7.16 QUALITY ASSURANCE PROCEDURES AND MANAGEMENT, AND CERTIFICATIONS AND RECOGNITIONS

7.16.1 Lean Six Sigma ("LSS")

Continuous quality improvements initiatives have been one of the core values since the Merger in 2007. In 2008, an Operational Excellence unit with the sole purpose of consolidating best practices and implementing the LSS methodology across divisions of our Group, was established to manage the challenging economy climate. LSS methodology has been implemented by many large international companies to improve productivity. In 2012, a 5-year-LSS Business Management Strategy Model (BMS 1.0) has been established to make it one of our core organisation strategies to increase revenue, reduce cost and improve employees' engagement.

We have won the PNB's Innovation and Quality Award for 6 years consecutively from 2011 to 2016 and 4 Gold Awards by Malaysia Productivity Corporation (MPC) in years 2012 to 2014 as a result of the initiatives undertaken by our Group. We were also selected to represent Malaysia in the American Society for Quality's International Team Excellence Award for 3 years straight from 2015 to 2017, and in 2017, we won the Silver Award.

7.16.2 Member of the RSPO

As the world's largest producer of CSPO and a founding member of the RSPO, we continue to support and uphold the RSPO "Principles and Criteria for Sustainable Palm Oil Production" as a benchmark and assurance of sustainable planting of oil palm. By certifying almost all of our estates, the RSPO badge has become a key differentiator of our palm oil products which are sought after in all markets for quality and sustainability.

The RSPO Supply Chain Certification System equips refineries with the capability to implement traceability of CPO supply to supplying mills through the RSPO e-Trace system and allows for the production of identity preserved and fully segregated certified palm oil products. The RSPO Supply Chain Certification Standards are a set of auditable standards which describes the requirements related to the control of RSPO certified oil palm products in the supply chain, including flows of material and associated claims. A number of sustainable supply chain mechanisms exist for palm oil, including identity preserved, mass balance, and book and claim.

About 73% of all our mills are now identity preserved, processing only RSPO-certified FFB. 100% of our downstream business units have been RSPO Supply Chain Certification System certified, which means that these units are capable of delivering RSPO mass balance and/or segregated products. The identity preserved supply chain model assures that the RSPO certified oil palm products delivered to the end user are uniquely identifiable to a single RSPO certified mill and its certified supply base.

All of our SOUs are RSPO certified except for 2 oil palm estates and 1 palm oil mill in Johor which were acquired in April 2017 and 1 SOU in Indonesia. Our SOU in Liberia is due to be certified in 2018.

7.16.3 Malaysian Sustainable Palm Oil ("MSPO") Standard

The MSPO standard is a national certification standard created by the Malaysian government and developed with input from various stakeholders in the palm oil industry. It is for oil palm plantations, independent and organised smallholdings, and oil processing facilities certified against the MSPO standards (MS 2530:2013 series). It was first launched in November 2013, and officially came into implementation in January 2015. We support the MSPO initiative through the certification of our SOU in Labu, Negeri Sembilan, Malaysia.

7.16.4 Indonesian Sustainable Palm Oil ("ISPO") Certification

The ISPO certification is a mandatory certification scheme for all palm growers in Indonesia adopted by the Indonesian government that aims to improve sustainable practices and reduce GHG emissions in the Indonesian oil palm industry. The scheme is based on existing Indonesian laws and regulations and aims to facilitate compliance by palm oil producers. 22 of our mills in Indonesia have been ISPO certified while the remaining 2 are under various stages of verification.

7.16.5 Other certifications

Certifications achieved by our operations include Good Manufacturing Practices (GMP), Halal, Kosher, Hazard Analysis & Critical Control Point (HACCP), ISO 22000, Food Safety System Certification (FSSC) 22000, GMP+B2 and GMP+B3 for feed production and trading. We also adopt various quality management standards and methodologies, which include ISO 9001, ISO 140001, OHSAS 18001, MS 1722. Our SD Biodiesel plant is also certified with International Sustainability & Carbon Certification (ISCC) for production of sustainable biofuels.

7.17 HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

The management of environmental, safety and health matters is governed by our Environment, Safety & Health Management Systems based on the requirements of the internationally recognised ISO 14001 (Environmental Management Systems) and OHSAS 18001 (Occupational Health & Safety Assessment Series) standards.

7.17.1 Health and safety

We place great emphasis on health and safety. We strive to provide a safe and healthy workplace environment and prevent accidents, injuries and illness in our operations. This not only concerns our workers and employees, but also their families, contractors who work for us and visitors to our facilities.

To reflect and deploy our commitments, we develop, implement, maintain and continuously improve our Environment, Safety & Health Management Systems based on the requirements of international standards endorsed by the International Labor Organisation and meeting various local occupational, safety and health legal requirements in all the countries in which we operate, such as the Occupational Safety and Health Act 1994 and the Factories and Machinery Act 1967 for Malaysian operations. This includes taking special considerations for women and migrant workers' against the work hazards and risks; for example, a stricter standard of operating procedures is developed to protect women, and foreign workers have to attend compulsory safety induction training before deployment.

We have made notable reductions in our Lost Time Incident Frequency Rate ("**LTIFR**") and continued to ensure strict compliance with our standard operating procedures. Guided by our 5-year strategy – Target 2020: RISE to ZERO HARM, we will continue to promote a culture of prevention for all employees and ultimately meet the zero fatality target in all our operations. We registered a LTIFR of 11.7 cases per 1 million hours worked in the FYE 30 June 2017, a reduction of about 30% over the last 5 years as compared to 16.9 cases per 1 million hours worked in the FYE 30 June 2012. This excludes NBPOL which registered a 41% reduction in LTIFR from the FYE 30 June 2016 to the FYE 30 June 2017.

We also registered a Fatality Rate ("**FAR**") of 1.6 cases per 100 million hours worked in the FYE 30 June 2017, a reduction of about 63% over the last 5 years as compared to 4.3 cases per 100 million hours worked in the FYE 30 June 2012. This excludes NBPOL which registered a 27% increase in FAR from the FYE 30 June 2016 to the FYE 30 June 2017.

We have developed a Harvesting Competency Training Programme to enhance competency of workers, especially cutters and pruners in harvesting activities, which contributes to most of the occupational accidents. This programme aims to make harvesting as safe as possible.

We continue to prioritise safety and health factors in our selection of machineries to be used in our estate operations. Drivers' competencies are ensured through the Tractors Driver Competency Course and on-site training. As commuting and road accidents continue to be an area of concern for our workers, we are continuously implementing road safety programmes in our operations.

We place equal emphasis on occupational safety, occupational health and hygiene. We conduct a Hearing Conservation Programme in all our operations to manage exposure to noise hazards and conduct studies with Universiti Teknologi Malaysia (UTM) on noise reduction programmes. We are also working together with Universiti Putra Malaysia and Universiti Teknologi Mara to review ergonomic risk assessments and controls for our harvesters and machinery operators. We are reviewing the use of short-lid helmets for harvesters, especially when harvesting tall palms, due to the higher visibility offered and less ergonomic stress to the neck. We also carry out dedicated Chemical Health Risk Assessments and conduct health and medical surveillance programmes to ensure that our chemical risks are managed to as low as reasonably practicable. As at the LPD, we have eliminated the use of Class 1B chemicals from our global operations. Class 1B chemicals refer to Highly Hazardous Pesticides under the World Health Organisation Hazard Classes and the Globally Harmonized Systems for Classification and Labelling of Chemicals. 2 of our mills were selected to participate in the pilot Systematic Occupational Health Enhancement Level Programme ("**SoHELP**") organised by DOSH which will then be adopted by all our mills. SoHELP is a programme initiated by DOSH under the Malaysian Occupational Safety and Health Master Plan 2020 (OSH MP20), targeting industries with significant occupational health and hygiene risks in the country.

In encouraging our workers' participation, we have developed and implemented the Spot. Intervene. Modify. Execute (S.I.M.E.) programme since 2012 where unsafe conditions and behaviours are proactively identified and improved. In 2016, we have more than 69,000 SIME cards produced by our workers. In addition, annual safety and health townhalls are organised to encourage open dialogue between workers and management. Our Malaysian upstream operations have also successfully completed the OSH Mentor-Mentee Programme with our major contractors together with DOSH.

We have been the convener of the Malaysian Agriculture Producers Association Occupational Safety & Health Sub Committee since 2008 with the main purpose of improving occupational, safety and health management and performance in the Malaysian agriculture sector and representing our interests with Malaysian occupational, safety and health authorities.

We have won the Malaysian National OSH Excellence Awards in Agriculture Sector in 2012 (Salak Estate) and 2016 (Kalumpong Estate). We have also won numerous Malaysian Society for Occupational Safety and Health Awards for our operating units' performance from 2011 to 2015 (for each year), and our Indonesian operations had also won several National and Provincial Zero Accident awards from the Indonesian government from 2014 to 2016 (for each year).

7.17.2 Environment

We are committed to operating our business in an environmentally-conscious and sustainable manner and these commitments are spelt out in a number of our environmental-related corporate and operational policies. To deploy these commitments, we develop, implement, maintain and continuously improve our Environment, Safety & Health Management Systems based on the requirements of international standards (ISO 14001) and meet the various national and state legal requirements in all countries in which we operate.

We have implemented various policies and initiatives to ensure a sustainable fire management system in our operations and consequently, an environmentally-conscious approach in our businesses. We consider the zero-burning replanting technique as the hallmark of our sustainability practices. Zero-burning replanting technique is the practice of felling and shredding stands of old oil palm before leaving the palms to decompose on-site. We first adopted this method in 1985, which was later also adopted as an industry practice in Malaysia. In 1992, we won the United Nations Environment Programme's Global 500 Award for outstanding achievement in the protection and improvement of the environment for the commercialisation of our zero-burning replanting technique.

Today, our commitment to preventing open fire has extended beyond our operational boundaries. Our Hotspot Management System uses satellite technology to detect open fire round the clock in our fields and our neighbours for up to 5 km in all our operations around the globe. This technology, together with our CSR activities, enables us to prevent open fire and haze in areas within our controls and influence.

In 1996, we received our EMS-ISO 14001 certification for environmental management systems and in 2004, we achieved our first GLOBALG.A.P. certification which recognises efforts for good agricultural practices. GLOBALG.A.P. is a global organisation which assures safe, sustainable agriculture worldwide. Its members create incentives for agricultural producers worldwide to adopt safe and sustainable practices. The board of GLOBALG.A.P. is made up of an equal number of elected producer and retailer representatives. The operational GLOBALG.A.P. Secretariat is based in Cologne, Germany.

As our palm oil production is heavily focused on some of the most biologically diverse areas in the world, we strictly adhere to both national and RSPO guidelines on biodiversity conservation. Our "Plant-A-Tree" Programme, which was initiated in 2008, aims to increase biodiversity value in our plantations with a target of planting 1 million trees by the year 2020. As at the LPD, we have planted a total of 330,000 trees comprising 276 species in our estates. In addition, 136,000 trees have been planted in an area of 160 Ha of land in Jentar Estate, Pahang, Malaysia to create a new forest corridor and wildlife habitat. Additionally, in collaboration with the Foundation, about 830,000 trees have been planted through the Ulu Segama Rehabilitation and RiLeaf programmes in Sabah, and North Selangor Peat Swamp Rehabilitation Programme.

Many tropical regions are facing the risk of losing their High Conservation Value ("**HCV**") areas due to extensive conversion of primary forests into plantations. We have a trained internal team that conducts HCV assessments in all our operating units to identify, categorise and conserve high-risk zones from development. We also train our personnel on the ground on HCV area management methods as well as the necessity of periodical monitoring to ensure the effectiveness of management activities. As at the LPD, we have set aside 30,268 Ha of HCV areas for conservation in our Malaysian, Indonesian, and Liberian operations.

We have also committed to avoid new planting on peat regardless of depth to reduce the impact on climate change. No new plantings have been established on any peat land in any of our concession areas since 2013, which is in line with our commitment to the Environment and Biodiversity Policy. Additionally, we employ best management practices for our past plantings on peat land aimed at minimising the risk of peat fires and subsequent carbon emissions. Our water management technique ensures that the water table is maintained at around 50 to 70 cm below the surface to reduce decomposition rates of dried peat. We are also committed to maintain existing vegetation on peat land in and adjacent to our oil palm plantations. In our effort to prevent slash and burn activities, we engage with local communities to educate them on sustainable management of peat areas.

We have been monitoring our GHG emissions since 2009 and have set a target to reduce emissions intensity by 40% by 2020, from 2009 as a baseline. We own 5 biogas plants in Malaysia, 2 in Indonesia and 2 in PNG. Altogether, the plants can potentially yield a 15% reduction when they are in full operation.

Our key carbon reduction initiatives are methane abatement through biogas trapping and methane avoidance through composting. In 2015, composting helped us to successfully reduce 6.5% of our carbon emissions intensity based on the 2009 emission baseline, for our operations in Malaysia and Indonesia. 4 of our composting projects in Malaysia, namely Lavang, Pekaka, Kerdau and Merotai, were registered under the Kyoto Protocol's Clean Development Mechanism. The Kyoto Protocol is an international treaty which extends the 1992 United Nations Framework Convention on Climate Change (UNFCCC) that commits parties to reduce GHG emissions.

For 2014/15, we were awarded with the Prime Minister's Hibiscus Award, a premier private sector environmental award. In 2014, Jomalina Refinery and Kempas Refinery also won similar awards for the 2012/2013 cycle, where Kempas Refinery also won the Gold Award for Special Project for biomass utilisation. Jomalina Refinery also won the same award in 2012 for its performance during the 2010/2011 cycle.

In continuously improving our capabilities to ensure compliance, prevent pollution and manage such risks, we had adopted the Guided Self-Regulation programme, a new initiative by the DOE, pursuant to which a memorandum of understanding was signed with the DOE in September 2016. We have made provisions to develop environmentally-competent personnel to manage POME and scheduled wastes (certified as CepPOME and CepSWAM, respectively). All of our Malaysian mills have online reporting systems to monitor air emissions (Continuous Emission Monitoring Systems – CEMS), effluent discharge (Online Effluent Reporting – OER) and scheduled wastes (Electronic Scheduled Waste Information System – eSWIS). In the long run, we target to achieve zero effluent operating systems.

7.18 ROLE IN SUSTAINABILITY AND CSR

We launched our Responsible Agriculture Charter on 21 September 2016, which sets out our key commitments to ensure that sustainability is embedded in the way our businesses operate. The charter is drawn from the foundational principles of RSPO and frames our commitments in 3 key areas, namely human rights and social development, the environment and corporate integrity. From strategy to efforts on-ground, our activities are guided by our commitment to contribute to a better society, minimise environmental harm and deliver sustainable development. We are committed to deliver sustainable returns without compromising on people, planet and prosperity.

In addition, we are also committed to uphold fundamental human rights principles set out in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights ("**UNGPs**"), as articulated in the Human Rights Charter issued by SDB, our holding company prior to our Listing, on 27 February 2017. The charter's principles include providing equal opportunities by eliminating discrimination, respecting the rights and freedom of associations, eradicating any form of exploitation such as forced labour and human trafficking, ensuring favourable working conditions with safe and healthy working environment, protecting the rights of vulnerable people and children, and eliminating violence and sexual harassment.

7.18.1 People

Central to our focus on people, our efforts extend from a commitment to uphold business and human rights to proactive engagements with stakeholders and local communities. Robust targets are set, ranging from an aim to achieve zero harm in the workplace to continuous efforts on diversity and inclusion, and working with members of our supply chain.

7.18.1.1 Workplace

As one of the largest employers in the plantations industry in Malaysia, Indonesia, PNG the Solomon Islands, and Liberia, we are committed to respect, support and uphold fundamental human rights as expressed, among others, in the Universal Declaration for Human Rights and the UNGPs. We continue to ensure employee well-being is paramount by providing housing, utilities, medical care through on-site clinics, child care facilities, places of worship and recreational spaces for our employees. Careline and active grievance channels are also provided to ensure open, two-way communication is available.

To ensure efforts are on track, we have a cross-functional business and Human Rights Task Force to operationalise respect for human rights. We also developed a framework to monitor, verify and report on various aspects of human rights. To date, operational efforts include on-ground assessments to identify and address impact areas, the provision of personal development programmes and knowledge sharing platforms for employees, and strategic partnerships with the relevant organisations, such as the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF) and Shift, a leading centre of expertise on the UNGPs. Through the assessments, salient issues impacting rights holders have been identified as areas of focus, which include recruitment and management of foreign workers, safety and health of workers, development of women in the work force and children's rights and protection.

In October 2017, SDB, our holding company prior to our Listing, published its statement pursuant to section 54 of the Modern Slavery Act 2015 of the United Kingdom on the steps taken to address slavery and human trafficking in the SDB Group's business and supply chains. The said statement was also signed by a director on behalf of NBOL. We have been working alongside programme partners to improve human rights standards both in the supply chains and at an industry level.

7.18.1.2 Community

Our efforts to contribute to a better society include working alongside stakeholders to build smallholder capacity and outgrowers schemes, supporting lifelong education, assisting the underprivileged, improving access to clean water, promoting active community participation as well as providing aid for disaster relief in our countries of operations. For example, in Liberia, efforts to improve the well-being of the people have also included infrastructure support such as the construction of latrines, bridges, a market place and water wells for the communities.

In providing support during natural disasters, our efforts include collaboration with international relief agencies to deliver aid to affected communities during the Padang earthquake in Indonesia in 2009, the Ebola outbreak in Liberia in 2014 and the annual east coast floods in Terengganu, Pahang and Kelantan in Malaysia.

As part of our commitment to education, we seek to support access to education in remote areas of our operations through the provision of social infrastructure and facilities such as primary schools. This includes our current support of 8 schools in Liberia with about 5,580 students, including a Project Affected Community (PAC) school on the outskirts of our estate. In Malaysia, we have also built and facilitated the Humana Centre in Sabah, which is an NGO affiliated centre, and 3 Community Learning Centres in our Sarawak estates, namely Rajawali, Lavang and Pekaka estates, for the children of our migrant workers.

Through the Foundation, over RM260 million worth of educational scholarships have been given since 1982 to 3,614 students from Malaysia, Indonesia and Liberia as well as other countries where the SDB Group has operations in, namely China, Singapore, Cambodia, South Africa, Hong Kong, Vietnam, PNG and the Solomon Islands. The Foundation carries out its initiatives under 5 core pillars which are Education, Environment, Community & Health, Youth & Sports and Arts & Culture. The Foundation also targets on programmes and efforts to increase the well-being of neglected children, senior citizens, vulnerable women, physically challenged individuals and other marginalised groups under its Community & Health pillar. While the Youth & Sports pillar promotes and provides resources for sporting activities to help youths realise their full potential, cultivate sportsmanship and raise the standards of sports. The Arts & Culture pillar encourages arts and culture, develops the demand for arts, and empowers with knowledge and skills that contribute to the richness of a cultural heritage that is uniquely Malaysian.

7.18.2 Planet

Our aim to minimise environmental harm is evidenced by our clear targets to reduce our operational impact on the environment and natural ecosystems. Agricultural best practices, combined with our on-going efforts in R&D have ensured that our practices are both sustainable and traceable. As at the LPD, we have achieved RSPO certification for 97% of our plantations and mills, and we are actively working towards increasing the number of smallholder areas under RSPO certification. Through our supply chains, we aim to increase the awareness and demand for our sustainably produced palm oil products into Europe and other markets via our refineries in Liverpool and Rotterdam.

In 2014, we signed the Sustainable Palm Oil Manifesto and subsequently led the HCS+ Study as part of our efforts to set higher agricultural standards for the industry. Together with key stakeholders on a converged methodology between HCS+ and the HCS approach, we are committed to implement leading industry practices around High Conservation Value and HCS in new developments.

In 2015, we took our efforts further by launching "Open Palm", our online traceability dashboard which allows customers to trace the source of products purchased from us. This provenance gives the assurance that palm oil products sourced from our Group do not come from conflict areas.

In cooperation with the Foundation under its Environmental pillar, we work closely with stakeholders such as wildlife departments and environmental NGOs to protect and preserve high conservation value ecosystems, vulnerable and endangered wildlife species as well as to promote the preservation of environment and its biodiversity through research and initiatives. We aim to continue our initiatives and strategic collaborations on our efforts to promote wildlife corridors and plant over 1 million endangered, rare and threatened indigenous tropical trees.

7.18.3 Prosperity

At the core of what we do, we remain committed to delivering sustainable value to all our stakeholders. Through a business model which focuses on efficiency, productivity and responsibility, we strive to deliver value while ensuring no stakeholder is left behind. Performance and challenges are transparently disclosed to our stakeholders for continuous improvement.

Community engagement is also fundamental to achieve mutual growth in the countries in which we operate. We provide local job opportunities, and support local entrepreneurs through local sourcing. We introduced smallholders outgrowers schemes in our Indonesian and, PNG and the Solomon Islands operations. Under the schemes, the smallholders receive technical assistance from us to improve their agricultural production, financial management and improved returns.

With our assistance under the scheme, as at the LPD, 28,712 Ha with a total production capacity of 465,602 MT of FFB from smallholder farms in Indonesia have been certified. Whereas 100% of the smallholders in PNG and the Solomon Islands have been certified at 44,948 Ha with total production capacity of around 550,000 MT of FFB. The schemes have benefited around 40,000 families in both operations. In Liberia, we continue to explore potential ways to introduce smallholders schemes in our operations.

7.19 INSURANCE

Our Group is covered by insurance policies which cover risks such as fire, flood, riot, strike, malicious damage, business interruptions and public liability. We have adequate insurance coverage provided by reputable independent insurance companies, with coverage and financial limits that are commercially reasonable and appropriate for our Group's size and activities.

7.20 EMPLOYEES

As at the LPD, our Group has a total of 101,131 employees. The table below sets out the number of employees segmented by business function as at the indicated dates:

	As at 30 June 2015		As at 30 June 2016		As at 30 June 2017		As at the LPD	
Business function	**No. of employees**	**%**	**No. of employees**	**%**	**No. of employees**	**%**	**No. of employees**	**%**
Group head office	945	0.9	862	0.8	750	0.8	743	0.7
Downstream	1,969	1.8	1,940	1.9	2,061	2.0	1,887	1.9
Upstream	104,437	96.1	98,695	96.2	98,638	96.2	97,461	96.4
R&D	1,279	1.2	1,155	1.1	1,049	1.0	1,040	1.0
Total	**108,630**	**100.0**	**102,652**	**100.0**	**102,498**	**100.0**	**101,131**	**100.0**

The table below sets out the number of employees segmented by geographical location as at the indicated dates:

	As at 30 June 2015		As at 30 June 2016		As at 30 June 2017		As at the LPD	
Country	**No. of employees**	**%**	**No. of employees**	**%**	**No. of employees**	**%**	**No. of employees**	**%**
Malaysia	43,881	40.4	41,201	40.1	42,350	41.3	42,288	41.8
Indonesia	33,428	30.8	33,139	32.3	30,486	29.8	30,498	30.2
Liberia	2,865	2.6	2,819	2.8	2,695	2.6	2,621	2.6
PNG and the Solomon Islands	27,236	25.1	24,322	23.7	25,836	25.2	24,592	24.3
Others	1,220	1.1	1,171	1.1	1,131	1.1	1,132	1.1
Total	**108,630**	**100.0**	**102,652**	**100.0**	**102,498**	**100.0**	**101,131**	**100.0**

The table below sets out the number of contracted upstream workers in Malaysia who are hired in our estates:

Country	As at 30 June 2015	As at 30 June 2016	As at 30 June 2017	As at the LPD
Indonesia	18,064	16,132	17,013	17,519
Malaysia	9,222	9,072	8,695	8,389
India	3,473	3,229	4,703	4,776
Bangladesh	2,571	3,041	2,658	2,437
Nepal	2,286	1,546	1,286	1,245
Myanmar	273	206	103	90
The Philippines	-	380	450	488
Sri Lanka	110	68	156	129
Cambodia	31	11	5	3
Pakistan	3	2	2	1
Thailand	6	-	-	3
Total	**36,039**	**33,687**	**35,071**	**35,080**

Our upstream workers in Indonesia, PNG and the Solomon Islands, and Liberia are largely local workers.

We source our estate workers from a few different countries and nationalities to ensure that we are not relying on any single country as our source of workers. We also secure the services of a few third party recruitment agents to ensure that we get continuous supply of our plantation estate workers as they mostly come from foreign countries.

7.20.1 Training and development

We provide the whole spectrum of learning and development opportunities for our employees in all countries in which we operate through various programmes including leadership, personal effectiveness and job specific (functional and technical) training programmes.

The following table sets out the total number of training programmes held by our Group in Malaysia for the past 3 financial years:

Category	FYE 30 June 2015	FYE 30 June 2016	FYE 30 June 2017
Core programmes	30	15	9
Leadership	31	10	14
Personal effectiveness	112	160	63
Job specific (functional and technical)	264	284	353
Total	**437**	**469**	**439**

A large portion of our training programmes are held internally at our Sime Darby Leadership Centre, Ara Damansara or at our Sime Darby Plantation Academy, Carey Island. We also enrol our employees for specific external and leadership programmes, and major exhibitions and conferences, to keep abreast with industry's latest technology and inventions.

Our Core Executive Programmes are designed to help our employees to improve their functional as well as leadership capabilities through classroom learning, simulations, role plays and group discussions. The programme prepares employees to perform better at their jobs, maximises their leadership potential influence and enhance teamwork and commitment.

Our Core Leadership Programmes aim to build talent pipeline by equipping up-and-coming Managers & Senior Managers with a broader understanding of the business value chain by exposing them to planning and strategic thinking skills, financial skills and people skills. It will eventually enable them to take up a broader management roles.

Training programmes for non-executive employees include both supervisory and technical training programmes, such as the Staff and Supervisor Enhancement Programme and the Harvesting Skills Training for plantation workers.

7.20.2 Labour union

The unions of which our employees in Malaysia are members include the following:

(i) Food Industries Employees Union;
(ii) Sabah Plantation Industry Employees Union;
(iii) National Union of Plantation Workers;
(iv) All Malayan Estates Staff Union; and
(v) National Union of Commercial Workers.

The unions of which our employees in Indonesia are members include the following:

(i) Serikat Buruh Sejahtera Indonesia;
(ii) Serikat Pekerja Seluruh Indonesia;
(iii) Serikat Pekerja Kahutindo;
(iv) Serikat Pekerja Pertanian dan Perkebunan Serikat Pekerja Seluruh Indonesia – Reformasi;
(v) Serikat Pekerja Minamas;
(vi) Setikat Pekerja Solidaritas Angsana Mini Factory;
(vii) Serikat Pekerja Sehati – Serikat Pekerja PT Sajang Heulang – Mustika Estate;
(viii) Serikat Pekerja Mandiri PT Ladangrumpun Suburabadi;
(ix) Serikat Pekerja Mandiri PT Bersama Sejahtera Sakti Pantai Timur Estate;
(x) Serikat Pekerja Mandiri Gunung Aru Estate;
(xi) Pimpinan Unit Kerja Serikat Pekerja Pertanian dan Perkebunan – Serikat Pekerja Seluruh Indonesia Pimpinan Unit PT Tamaco Graha Krida;
(xii) Serikat Pekerja Pimpinan Unit Kerja Sangkoh Estate;
(xiii) Serikat Pekerja Pimpinan Unit Kerja Selabak Estate;
(xiv) Serikat Pekerja Pimpinan Unit Kerja Randi Estate;
(xv) Serikat Pekerja Pimpinan Unit Kerja Selabak Factory;
(xvi) Serikat Pekerja Pimpinan Unit Kerja Rantau Estate;
(xvii) Serikat Pekerja Pimpinan Unit Kerja Matalok Estate;
(xviii) Serikat Pekerja Pimpinan Unit Kerja Rantau Factory;
(xix) Serikat Pekerja Pimpinan Unit Kerja Lanting Estate;
(xx) Serikat Pekerja Pimpinan Unit Kerja Sekayu Estate;
(xxi) Serikat Pekerja Pimpinan Unit Kerja Bebunga Estate;
(xxii) Serikat Pekerja Pimpinan Unit Kerja Bakau Estate;
(xxiii) Serikat Pekerja Pimpinan Unit Kerja Sungai Cengal Estate;
(xxiv) Serikat Pekerja Pimpinan Unit Kerja Bebunga Factory;
(xxv) Serikat Pekerja Pimpinan Unit Kerja Binturung Estate;
(xxvi) Serikat Pekerja Pimpinan Unit Kerja Pondok Labu Estate;
(xxvii) Serikat Pekerja Pimpinan Unit Kerja Pondok Labu Factory;
(xxviii) Serikat Pekerja Pimpinan Unit Kerja Betung Estate;
(xxix) Serikat Pekerja Pimpinan Unit Kerja Sesulung Estate;
(xxx) Serikat Pekerja Pimpinan Unit Kerja Betung Factory;
(xxxi) Serikat Pekerja Pimpinan Unit Kerja KCP Rantau;
(xxxii) Federasi Serikat Pekerja Pertanian dan Perkebunan Kecamatan Marau PT Sandika Natapalma PT Bududaya Agro Lestari;
(xxxiii) Serikat Pekerja Pertanian dan Perkebunan PT Sime Indo Agro;

(xxxiv) Serikat Pekerja Karyawan PT Mitra Austral Sejahtera;
(xxxv) Serikat Pekerja Pertanian dan Perkebunan PT Kridatama Lancar;
(xxxvi) Serikat Pekerja Seluruh Indonesia PT Indotruba Tengah; and
(xxxvii) Federasi Serikat Pekerja Minamas Plantation.

Our employees in Vietnam are members of The Vietnam General Confederation of Labour.

Our employees in South Africa are members of the National Union of Food, Beverage, Wine, Spirits and Allied Workers of South Africa.

Our employees in the Netherlands are members of the Federatie Nederlandse Vakbeweging (Dutch Federation of Trade Unions) and the Christelijk Nationaal Vakverbond (National Federation of Christian Trade Unions in the Netherlands).

Our employees in Liberia are members of the General Agriculture Allied Workers' Union of Liberia.

The industrial relations climate is generally positive and harmonious. There are no serious adverse industrial disputes and/or other actions instigated by the unions in any of the companies within our Group which would, individually or taken as a whole, have a material adverse effect on our business, financial condition or results of operations.

7.21 INTELLECTUAL PROPERTY

We view the "Sime Darby" as a highly recognised brand in the plantation sector. The brand is synonymous with sustainability credentials and we have consistently played a leading role in plantation sustainability. With more than 100 years of history in the plantation industry, we have built a strong and long standing customer base who has put their trust in the "Sime Darby" brand not only for its sustainability credentials but also, for its product quality. Please refer to Section 7.2.2.3 of this Prospectus for further details of our recognised sustainability credentials.

Furthermore, building a strong and trusted brand takes a long time and effort. Our Group has contributed toward building the "Sime Darby" brand over many decades, to distinguish ourselves from our competitors.

On 1 November 2017, our Company entered into the Trademark and Brand Licence Agreement with SD Malaysia, where SD Malaysia granted to our Company a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide ("**Trademarks**"), solely in the course of or in connection with our business.

Our Company may grant a sub-licence to our affiliates, subject to the terms and conditions of the Trademark and Brand Licence Agreement.

The Trademark and Brand Licence Agreement is effective as of the date of our Listing ("**Effective Date**") and will, unless terminated earlier, continue for a period of 5 years thereafter ("**Term**"). Upon the expiry of the Term, our Company has the option to renew the term of the Trademark and Brand Licence Agreement for a further period as the parties may agree upon giving notice of no later than 6 months prior to the end of the Term, subject to SD Malaysia's approval and provided that our Company is not in breach of any of the provisions of the Trademark and Brand Licence Agreement.

In consideration of the rights and licence granted by SD Malaysia under the Trademark and Brand Licence Agreement, our Company will pay to SD Malaysia an annual non-refundable licence fee of RM2,000,000 ("**Annual Fee**") after taking into account the cost reasonably expected to be incurred to maintain the Trademarks. The Annual Fee may on the determination of SD Malaysia be reviewed from time to time, whereupon the parties agree to negotiate in good faith the quantum thereof to a mutually agreeable sum.

Our Company has undertaken with SD Malaysia to adhere and conform strictly to the branding guidelines relating to the form and conditions of use of the Trademarks as prescribed by SD Malaysia, including the design, identity, size, position, appearance, marking and colour of the Trademarks and the manner, disposition and use of the Trademarks. Our Company must use our best endeavours to preserve the value and validity of the Trademarks, and must ensure that our sub-licensees do not prejudice the rights of SD Malaysia in the Trademarks.

SD Malaysia may terminate the Trademark and Brand Licence Agreement in the following circumstances:

(i) material breach of any provision of the Trademark and Brand Licence Agreement by our Company and failure on the part of our Company or any of our affiliates or sub-licensees to fully cure such breach within 30 days after provision of notice by SD Malaysia of such breach;

(ii) voluntary or compulsory liquidation of our Company or the appointment of a receiver of our assets; or

(iii) where there is a change of control of our Company from the date of our Listing. Such "control" is presumed to exist upon:
- possession of beneficial ownership or power to direct more than 50% of the voting rights of our Company; or
- power to control the composition of our Board.

The parties are entitled to terminate the Trademark and Brand Licence Agreement without cause by serving a 6 months' notice in writing to the other party only after the expiry of the 3rd anniversary of the Effective Date. In the case of a voluntary or compulsory liquidation of our Company and change in controlling interest of our Company vested as at the Effective Date, SD Malaysia has the right to terminate the Trademark and Brand Licence Agreement immediately.

We recognise the importance of a good and established brand to attract and retain customers, business partners, employees and investors. As such, upon the expiry of the Term, our Company intends to renew the term of the Trademark and Brand Licence Agreement for a further period to be mutually agreed by the parties. As at the date of this Prospectus, there is no intention to build other brands.

Please refer to Annexure C to this Prospectus for further details of our patents and trademarks.

Save as disclosed above and in Annexure C to this Prospectus, as at the LPD, our Group does not have any licences, patents, trademarks, brand names, technical assistance agreements, franchises and other intellectual property rights.

7.22 MAJOR LICENCES, PERMITS AND APPROVALS

We have obtained all material licences, permits and regulatory approvals required to conduct our business activities.

Please refer to Annexure B to this Prospectus for further details of the major licences, permits and approvals held by our Group together with the material conditions attached and the status of compliance as at the LPD.

7.23 GOVERNING LAWS AND REGULATIONS

The relevant laws and regulations governing our Group and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

7.23.1 Malaysia

The Ministry of Plantation Industries and Commodities is responsible for the development of the primary commodity sector of the economy which, among others, includes palm oil. It is empowered to make regulations for the palm oil industry of Malaysia.

The cultivation, movement, sale, purchase and milling of the palm fruit as well as the sale, movement and purchase of CPO and PK in Malaysia are governed by, among others, the following laws and regulations:

(i) MPOB Act

The MPOB Act empowers MPOB to govern and regulate the palm oil business. It emphasises on the composition and the powers of the MPOB, which was established to promote and develop the oil palm industry of Malaysia and to develop national objectives, policies and priorities for the orderly development and administration of the oil palm industry of Malaysia. In addition, the MPOB is also responsible for regulating, registering and coordinating all activities relating to planting, production, harvesting, extraction, processing, storage, transportation, use, consumption and marketing of oil palm and its products.

We have been working closely with the MPOB to ensure that its objectives can be achieved and will benefit the country.

(ii) Palm Oil Industry (Licensing) Regulations 2005

Pursuant to Section 78 of the MPOB Act, the palm oil licensed activities are regulated by the Palm Oil Industry (Licensing) Regulations. These regulations prescribe the procedures and the relevant forms for applications for licences to produce, sell, store, purchase, export or import of oil palm planting material, oil palm fruit, PK and other palm oil produce.

As our Malaysian main business revolves around palm oil, these regulations must be adhered to ensure smooth and legitimate operations whether in producing or manufacturing palm products.

(iii) MPOB (Quality) Regulations 2005

The purpose of the MPOB (Quality) Regulations is to control and determine the quality of all activities in the palm oil industry. These activities include, among others, production and management of oil palm planting material; grading and milling of oil palm fruit; and processing, handling, storage and transportation of palm oil products. Quality declarations for the export, import and internal trade of palm oil products will be made to the MPOB in order to determine whether such products conform to the type and quality of palm oil products that may be sold, exported and imported or specified in the contract for sale relating to such products. Furthermore, the MPOB may set conditions on the sale of palm oil products.

(iv) MPOB (Registration of Contracts) Regulations 2005

The MPOB (Registration of Contracts) Regulations provide for the registration of contracts in relation to the sale and purchase of oil palm products and the details of such contracts (other than contracts for palm oleochemicals which need not be registered but excludes international contracts for export of palm oleochemicals). It is a requirement under the regulations to ensure such contracts are specifically tailored for palm oil business. The MPOB must be informed of such contracts based on the procedures laid out under these regulations.

(v) MPOB (Compounding of Offences) Regulations 2005

Under the MPOB (Compounding of Offences) Regulations, all offences committed under the MPOB Act and regulations enacted under the MPOB Act that are specified in this regulation, may be compounded by the Director-General of the MPOB.

(vi) Control of Supplies Act 1961

The Control of Supplies Act 1961 governs the law on controlled articles in Malaysia. Cooking oil, diesel fuel and sugar are scheduled articles (which include controlled articles as defined in this act and other articles specified in Part 1 of the schedule to the Control of Supplies Regulations 1974) in Malaysia. Pursuant to the Control of Supplies Regulations 1974, a licence is required for any person to deal, be it wholesale or retail, in any scheduled article or to manufacture any scheduled article.

The Controller of Supplies has the authority to enforce the rules and regulations provided in the Control of Supplies Act 1961. As our Malaysian main business revolves around the palm oil business, this will prevent any misuse or speculation on the controlled articles and prevent black market operations with regards to the palm oil industry.

(vii) Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 requires a person engaging in any manufacturing activity with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees to obtain a manufacturing licence. A licence will have to be obtained for the manufacture of specified products at each separate manufacturing site. Licences are typically issued in accordance with national economic and social objectives and to promote the orderly development of manufacturing activities in Malaysia. They are issued by the MITI, subject to conditions of the licence and are non-transferable save with the prior approval of MITI.

Other relevant Malaysian laws and regulations include the following:

(viii) National Land Code 1965 ("NLC")

Pursuant to Article 74 of the Federal Constitution, the legislature of a state (except for Federal Territories of Kuala Lumpur, Labuan and Putrajaya) may make laws with respect to land matters while the legislature of the federal may, for the purpose of ensuring uniformity of law and policy, make laws with respect to land tenure, the relations of landlord and tenant, registration of titles and deeds relating to land, transfer of land, mortgages, leases and charges in respect of land, easements and other rights and interests in land, compulsory acquisition of land, rating and valuation of land, and local government.

The NLC has been enacted to amend, consolidate and ensure uniformity of laws with respect to land and land tenure, registration of titles, leases, charges and such other dealings in respect of land, collection of revenue and other rights and interests in land within the 11 states in the Peninsular of Malaysia and the Federal Territories of Kuala Lumpur, Labuan and Putrajaya.

(ix) Factories and Machinery Act 1967 ("FMA")

The FMA governs the occupational safety, health and welfare of persons working in a factory. The FMA also governs the registration and inspection of the machines used in a factory. The FMA and the regulations enacted under it is the cornerstone legislation for occupational, safety and health improvement in the manufacturing, mining, quarrying and construction industries, apart from the general duties to employees under the Occupational Safety and Health Act 1994.

Under the FMA, we have a duty to maintain the standards of safety, health and welfare of our factories and our factory workers. In addition, we must ensure that the machineries used are in good condition and must be registered.

(x) Occupational Safety and Health Act 1994 ("OSHA")

The OSHA provides provisions for securing the safety, health and welfare of persons at work, for protecting others against the risks to safety or health in connection with the activities of persons at work and for matters connected therewith and applies throughout Malaysia to the industries specified in the OSHA.

Employers must as far as is practicable, ensure the safety, health and welfare at work of all their employees by, among others, (i) the provision and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health; (ii) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances; (iii) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of their employees; (iv) so far as is practicable, as regards to any place of work under the control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and (v) the provision and maintenance of a working environment for their employees that is, so far as is practicable, safe, without risks to health, and adequate with regards to facilities for their welfare at work.

(xi) Environmental Quality Act 1974 ("EQA")

The EQA restricts pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland water without a licence, prohibits the discharge of oil into Malaysian water without licence, discharge of wastes into Malaysian water without a licence, and prohibits open burning. The agency responsible for implementing and monitoring Malaysian's environmental regulations and policies is the DOE and the local environmental authority.

The DOE has the power to make regulations to, among others, prescribe standards or criteria for the implementation of any declared environmental policy or classification for the protection of the environment and for protecting beneficial uses. For example, the Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977 and Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982 were passed to, among others, limit the parameters of the effluent to be discharged from the prescribed premises.

(xii) Employment Act 1955

The Employment Act 1955 governs the law on the employment contracts entered into between employer and employee in Peninsular Malaysia and Federal Territory of Labuan, Malaysia. Our Group employs a vast amount of workers at the management and operational level. Furthermore, our business is highly dependent on foreign worker in maintaining an efficient operation. We are obliged to ensure compliance with the Employment Act 1955 in respect of the workers and employees recruited by us.

(xiii) Price Control and Anti Profiteering Act 2011 ("PCAPA")

The PCAPA replaced the Price Control Act 1946 and came into force on 1 April 2011. The PCAPA provides for the control of prices of goods whereby the MDTCC may, among others, determine the maximum, minimum or fixed prices for the manufacturing, producing, wholesaling or retailing of goods.

In addition, the Price Advisory Council will advise the Minister of MDTCC on issues relating to profiteering and the Minister of MDTCC will prescribe the mechanism to determine whether profit is unreasonably high. The Price Controller is empowered to investigate and enforce the provision of the PCAPA including any person making unreasonably high profits by selling, supplying or offering to sell or supply goods.

7.23.2 Indonesia

Our oil palm plantation business in Indonesia is governed by various number of laws, regulations, and decree, which among others are as follows:

(i) Law No. 39 of 2014 on Plantation ("Plantation Law")

The Plantation Law aims to improve and strengthen the national plantation industry and, at the same time, protect the customary societies, empower local farmers, and realise the environment-friendly plantation businesses. The Plantation Law provides that a plantation business can be conducted in Indonesia either by farmers (*pekebun*) (an Indonesian citizen farmer that operates a plantation business within a specific scale set by the Minister of Agriculture), or companies (a plantation company that is owned by Indonesian citizen or legal entity established under Indonesian laws and domiciled in Indonesia that operates plantation businesses within a specific scale set by the Minister of Agriculture). In addition, the Plantation Law also regulates other important issues such as plantation industry's master plan, types of plantation business, land use, licensing, investment in the plantation industry, protection and development of seeds, protection and empowerment of customary societies and local farmers, environmental protection, and commodity prices.

(ii) Law No. 5 of 1960 ("Agrarian Law")

Under the Agrarian Law, Republic of Indonesia holds the ultimate title for land in Indonesia, and the highest title for land ownership right (*Hak Milik "***HM***"*) made available only for Indonesian citizens. In order to establish a plantation business, a company must obtain the relevant rights over a land. The land titles that are most relevant, in the case of a plantation business, are Land Cultivation Right (*Hak Guna Usaha* or "**HGU**"), Building Right (*Hak Guna Bangunan* or "**HGB**") and Land Use Right (*Hak Pakai* or "**HP**"). However, if the land is part of the development of an Indonesian company's plantation (this includes a Foreign Investment Company (*perusahaan penanaman modal asing*), only the HGU title may be used for such purpose.

Subject to the fulfillment of relevant obligations and operations of a plantation in accordance with the prevailing regulations, the HGU is usually granted for a maximum period of 35 years and can be extended for an additional maximum period of 25 years. A holder of the HGU can also renew the HGU title for a subsequent period of 35 years after the term of the extension expires.

(iii) Law No. 32 of 2009 regarding Environmental Protection and Management ("Law 32/2009")

Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including Law 32/2009 and its implementing regulations, which, among others, are the Government Regulation No. 27 of 2012 ("**GR 27/2012**") and Minister of Environment Regulation No. 5 of 2012 ("**MR 5/2012**"). In conjuction with GR 27/2012, Law 32/2009 stipulates that all business sectors that are required to obtain an Environmental Impact Assesstment/*Analisis Mengenai Dampak Lingkungan* ("**AMDAL**") or the Environmental Management and Monitoring Efforts *(Upaya Pengelolaan dan Pemantauan Lingkungan* or "**UKL/UPL**") must obtain an Environmental License (*Izin Lingkungan*) to be issued by the relevant authority. An Environmental License is a pre-requisite for companies to obtain their operational business licenses.

Under MR 5/2012, oil palm plantations with an agregate land area of 3,000 Ha or more, that are located within a non-forestry cultivation area require an AMDAL. However, based on Law 32/2009, if such company is not required to have an AMDAL, then such company must conduct an UKL/UPL. The possession of an AMDAL or the conduct of UKL/UPL is a requirement for obtaining a plantation business permit.

(iv) Law No. 25 of 2007 on Investment ("Investment Law")

The Investment Law is aimed to promote domestic and foreign investment in Indonesia by granting several incentives to the investors, including but not limited to provisions of tax and financial incentives, immigration facilities for foreign workers and assistance in the licensing for imports. Furthermore, the Investment Law provides that the President of the Republic of Indonesia can establish a list detailing industries that are not permitted to receive foreign and/or domestic investments on the basis of certain criteria linked to health, morality, culture, environment, national defense and security, and other national interests.

In this regard, the President of the Republic of Indonesia has issued the Presidential Regulation of the Republic of Indonesia No. 44 of 2016 on List of Business Fields Closed to Investment and Business Fields Open with Conditions to Investment ("**PR No. 44/2016**"). PR No. 44/2016 is issued with the objective to further enhance investment activities in Indonesia and enhance the competitiveness of the national economy in the face of the ASEAN Economic Community and the dynamics of economic globalisation, while enhancing the protection of various strategic sectors of the national companies and the micro, small and medium enterprises, and cooperatives ("**UMKMK**"). To achieve these objectives, PR No. 44/2016 updates the components as listed in Presidential Regulation No. 39 of 2014 regarding List of Business Fields Closed to Investment and Business Fields Open with Conditions to Investment ("**PR No. 39/2014**") or also known as Negative List of Investment (*Daftar Negatif Investasi*).

Generally, PR No. 44/2016 does not change the value of foreign investment in agricultural business compared to PR No. 39/2014. The maximum foreign investment in palm oil plantation remains at 95%, along with the obligation of plasma plantations of 20% of the total area of investor's plantations.

(v) Government Regulation No. 40 of 1996 on HGU, HGB, and HP ("GR No. 40/1996")

The basic provisions concerning land in Indonesia are regulated under the Agrarian Law. However, the details over the land rights under Article 16 of the Agrarian Law, especially HGU, HGB, and HP, are further regulated under GR No. 40/1996. GR No. 40/1996 also contains other matters, including the requirements for land acquisitions, authorities and obligations of land-right holders and the land statuses.

(vi) Minister of Agriculture Regulation No. 98/PERMENTAN/OT.140/9/2013 as amended by Minister of Agriculture Regulations No. 29/PERMENTAN/KB.410/5/2016 Tahun 2016 and No. 21/Permentan/KB.410/6/2017 on Guidelines for Plantation Permits ("Regulation No.98/2013")

Regulation No. 98/2013 aims to improve the regulatory framework for plantation business licensing governed by the previous Minister of Agriculture Regulation No. 26/Permentan/OT.140/2007. Regulation No. 98/2013 contains the guidelines for the licensing of plantation business, plasma programme, and limitation of an overall cap of 100,000 Ha on the aggregate area of palm plantation concessions within Indonesia that may be vested in a single company or in a group.

Under Regulation No. 98/2013, there are 3 types of plantation businesses; i.e. cultivation business, crops/product processing business and plantation services business. A plantation company which has obtained a plantation business permit must submit an annual report regarding its business development, at least, once a year to the issuer of plantation business license and the Minister of Agriculture.

(vii) Minister of Agrarian/Head of National Land Agency Regulation No. 5 of 2015 on the Location Permit ("Regulation No. 5/2015")

Regulation No. 5/2015 sets out guidelines for domestic and joint-venture companies to secure a location permit that is required to obtain certain land holdings for investment activities. The maximum areas of location permit for companies or groups of companies for investment purposes varies under the Regulation No. 5/2015. Regulation No. 5/2015 provides that a company or a group of companies engaging in the oil palm plantation business in Indonesia may only acquire up to 20,000 Ha of land in one province or 100,000 Ha of land in Indonesia (except the Papua and West Papua provinces, where the maximum area in each province can be doubled, and sugarcane plantations, which have higher limits under the regulation). However, such limitation does not apply to (i) state-owned enterprises in the form of public utility companies (*perusahaan umum*) and regional-owned enterprises; (ii) business entities owned by the Indonesian government; and (iii) publicly traded companies.

(viii) Minister of Agriculture Decree No. 333/Kpts/KB.510/6/1986 as amended 353/Kpts/KB.510/6/2003 on Procedures for Implementation of Plantation with Public Plasma Plantation-Trans (PIR-Trans) Pattern ("MoA Decree No. 333/Kpts/KB.510/6/1986")

In order to enhance the production of plantation commodities, assist regional development and support the transmigration programme, the President of the Republic of Indonesia issued the President of the Republic of Indonesia Instruction No. 1 of 1986 on Plantation Development with the Public Core Plantation (*Perkebunan Inti Rakyat* or "**PIR**") pattern associated with the Transmigration Programme ("**PIR-Trans**"). Large oil palm plantation enterprises are encouraged to help develop smaller palm plantations through partnerships with individual, small land-holders. MoA Decree No. 333/Kpts/KB.510/6/1986, issued as the implementation of PIR pattern programme, provides the details of procedures for the implementation of plantation development with PIR-Trans pattern, which covers provisions on authorised organisation, core enterprise, farmer PIR-Trans participant, and transfer of plasma areas to participating farmer.

(ix) Regulation of the Minister of Agriculture No.11/PERMENTAN/OT.140/3/ 2015 of 2015 on Indonesian Sustainable Palm Oil Certification System/ ISPO ("Regulation No. 11/2015")

Pursuant to Regulation No. 11/2015, Indonesian Sustainable Palm Oil Certification System ("**ISPO Certification**") is a palm plantation business system that is economically, socially, and environmentally feasible, based on the Indonesian applicable laws and regulations. ISPO Certification is regulated to ensure that the palm plantation companies and palm plantation business consistently complies with the ISPO Certification's principles and criteria, in order to produce palm oil sustainably. The implementation of ISPO can be mandatory or voluntary, depending on the nature of each palm plantation company or business. ISPO Certificate is issued upon engagement from a certification institution (*lembaga sertifikasi*) to conduct the certification assessment based on ISPO Certification's principles and criteria. A certification institution (*lembaga sertifikasi*) is an independent institution that has obtained the recognition from the ISPO Commission and has been accredited by the National Accreditation Committee (*Komite Akreditasi Nasional*) for quality management system and environmental management system. In the event of an absence of an ISPO Certificate, the Indonesian government may impose administrative sanctions in the form of warning letters up to the revocation of Plantation Business Permit (*Izin Usaha Perkebunan*).

(x) State Minister of Environmental Affairs Decree No. 28 of 2003 on Technical Guidelines for Assessmment on the Utilisation of Wastewater of Palm Oil Industry on the Soil of Palm Oil Plantations ("Decree No. 28/2003")

Under Decree No. 28/2003, any party intending to utilise water waste from palm oil industry on the soil in palm oil plantations is required to apply for the approval of assessment on such utilisation (*pengkajian pemanfaatan*) to the relevant Head of Regency (*Bupati*) or Mayor (*Walikota*). The approval of assessment on the utilisation of waste water is based on the result of environmental documents, in which the applicant must also comply with the minimum requirements of the Indonesian government. The period for the assessment is at least a year and a certain location can only be assessed once. Upon obtaining the result of the assessment, the applicant can apply for the water waste utilisation permit (*izin pemanfaatan air limbah*) to the Regent (*Bupati*) or the Mayor (*Walikota*).

Other relevant Indonesian laws and regulations include the following:

(xi) Law No. 36 of 2009 on Health ("Health Law")

The Health Law stipulates that every individual is entitled to a healthy environment for good health. The issuance of the Health Law is aimed at increasing everyone's awareness, willingness, and ability to lead a healthy life, which will result in productive human resources, socially and economically. The Indonesian government is responsible to plan, regulate, perform, develop, and supervise the implementation of distributed and affordable health measures through public services. The Indonesian government and the public are also required to guarantee the availability of healthy environment, which includes housing, working place, recreational area and public facilities. The Health Law stipulates that healthy environment shall be free from, among others, liquid wastes, dangerous chemical substances, and polluted water. Business entities are required to guarantee the health of their employees by way of prevention, improvement, medication, recovery measures as well as bearing their employees' health care costs in accordance with the laws and regulations.

(xii) Government Regulation No. 47 of 2012 on Corporate Social And Environmental Responsibility ("GR No. 47/2012")

GR No. 47/2012 was enforced in order to impose a mandatory CSR regime for "natural resource-based" and "natural resource-related" companies as mandated by Article 74 of the Company Law. Under GR No. 47/2012, a company's director is responsible to implement the company's CSR activities and required to prepare an annual CSR operation plan, including an annual CSR budget plan. Such annual operation and budget plans must be prepared based on the "appropriateness and reasonableness" described as the financial capacity of the company having regard to the risks that give rise to the social and environmental responsibilities that must be borne by the company, subject to the obligations of the company as set out in the legislation governing the company's business operations. Therefore, the higher the company's profit and the greater the impact of its operation to the environment, the more resources the company must allocate for its CSR activities.

(xiii) Head of the National Land Agency Regulation No. 7 of 2007 on Land Survey Committees ("Regulation No. 07/2007")

Regulation No. 07/2007 was issued on 11 July 2007. It provides the provisions for the land survey committee and its tasks and responsibilities. Under Regulation No. 07/2007, there are, at least, 4 committees namely: (i) Committee of Examination of Land A; (ii) Committee of Land Inspection B; (iii) Soil Research Team; and (iv) Team of Land Inspection Officers also called Constitution Officers, assigned to carry out examination of research on physical and *yuridis* data in the field and office, in order to solve issues in the application of land rights.

(xiv) Government Regulation No. 82 of 2001 on Water Quality Management and Water Pollution Control ("Regulation No. 82/2001")

Under Regulation No. 82/2001, any business intending to dispose waste water to the soil is required to obtain a written permit from the relevant Head of Regency (*Bupati*) or Mayor (*Walikota*). The permit may or may not be issued, as the case may be, based on the findings of the AMDAL or proposed UKL/UPL. In this respect, every enterprise that discharges or disposes waste water is required to prevent and manage water pollution. Regulation No. 82/2001 requires a plantation enterprise to submit quarterly reports to the relevant Head of Regency (*Bupati*) or Mayor (*Walikota*) setting out how it disposes of waste water and its compliance with the relevant regulations, with a copy forwarded to the Minister of Environment of Indonesia.

(xv) State Minister of Environmental Affairs has issued Regulation No. 01 of 2010 on Water Pollution Control Systems ("Regulation No. 01/2010")

Regulation No. 01/2010 provides guidelines for the licensing terms and procedures and guidelines for studies, on discharge of waste water into the waters or water resources. Under Regulation No. 01/2010, a Head of Regency (*Bupati*) or Mayor (*Walikota*) determines the conditions and procedures necessary for obtaining the environmental license related to the discharge of waste water into water resources. The phases for obtaining these licenses are: (i) application for the license; (ii) analysis and evaluation of the license application; and (iii) issuance of the license. The waste water discharge license is valid for 5 years but it can be renewed after its expiry.

(xvi) Government Regulation No. 11 of 2010 on Administration and Utilisation of Idle Land ("GR No. 11/2010")

Pursuant to GR No. 11/2010, a person or legal entity which owns or possesses any kind of land rights (HM, HGU, HGB, HP or Right to Manage (*Hak Pengelolaan*)) must use their land according to their respective purposes. The Head of Regional Office of National Land Agency (*Kantor Wilayah Badan Pertanahan Nasional* or "*Kanwil*") will establish a committee to identify and survey plots of land that are indicatively idle or not utilised by their rightful owners. If such land are concluded to be idle, the Head of *Kanwil* may take measures by delivering warning letters or revoking the land ownership status from the relevant owner. The idle land will then be under the Indonesian government's possession, and the use and utilisation of such idle land will be managed through the Indonesian government's strategic programme and agrarian reformation for the benefit of the public and the Indonesian government.

(xvii) Regulation of the Minister for Agrarian and Spatial Affairs/Head of National Land Agency No. 11 of 2016 on Land Dispute Settlement ("Regulation No. 11/2016")

Regulation No. 11/2016 provides provisions regarding all land-related cases, conflict, dispute settlements, supervision and management and legal aid and protection. The aim of Regulation No. 11/2016 is to accelerate the process for settlement of land disputes by the central or regional land offices, by providing legal certainty and justice over the possession, ownership, usage and utilisation. There are 2 mechanisms by which the land office can identify ongoing land disputes, which are through: (i) initiatives of the Minister of Agrarian and Spatial Affairs/Head of National Land Agency; or (ii) reports filed by the public. The land office will then start to gather data relating to a dispute, conduct supervision on the progress of the case, and prepare the report accordingly. Having received the report, the Minister of Agrarian and Spatial Affairs/Head of National Land Agency will settle the land dispute by issuing a decree which states one of the following: (i) an annulment of the existing land-right title; (ii) an annulment of the land-right certificate; (iii) changes to be made to the data contained within the land-right certificate, measuring certificate, and/or other documents; or (iv) an announcement that all of the administrative processes relating to the land have complied with the prevailing procedures.

(xix) Regulation of the Minister of Agrarian Affairs and Spatial Planning/Head of National Land Agency No. 7 of 2017 on the Provisions and Procedure for the Determination of HGU ("Regulation No. 7/2017")

Regulation No. 7/2017 aims to provide a comprehensive set of guidelines for determining the HGU, an area previously regulated under a number of separate regulations. Under Regulation No. 7/2017, HGU can only be granted to Indonesian citizens or legal entities established in accordance with Indonesian law, also domiciled within Indonesia. Other key provisions under Regulation No. 7/2017 are (i) the rights and obligations of the HGU holder; and (ii) the procedure to relinquish, transfer, and change the use of a HGU.

7.23.3 PNG

There is no legislation in PNG which specifically regulates the cultivation of oil palm, the milling of palm fruit or the sale of palm oil by our PNG subsidiaries or our other ancillary businesses in PNG, including sugar and beef production. Rather our businesses in PNG are regulated by statutes of more general application which also apply to other businesses and the general public.

The statutes of general application which are of most relevance to our businesses conducted in PNG are as follows:

(i) Environment Act 2000

The Environment Act 2000 provides for the protection of the environment from environmental harm and regulates the environmental impacts of development activities in order to promote sustainable development. It does this by providing for the adoption of environmental policies, by requiring more significant developments to undertake an environmental impact assessment and by requiring persons undertaking certain activities which may impact the environment to obtain a permit for those activities. The principal authority responsible for administering the Environment Act 2000 is the Conservation and Environment Protection Authority.

(ii) Industrial Safety, Health and Welfare Act (Chapter No. 175)

The Industrial Safety, Health and Welfare Act (Chapter No. 175) provides for the registration and inspection of factories, boilers, pressure vessels, machines and tools used in work places. It also imposes minimum occupational health and safety standards for work places.

(iii) Employment Act (Chapter No. 373)

The Employment Act (Chapter No. 373) regulates the employment of certain persons in PNG and generally imposes minimum terms and conditions of employment in PNG in relation to those persons. Generally it applies to persons employed in the plantation sector except where an applicable industrial award provides better terms and conditions.

(iv) Land law

(a) Customary tenure

Most land in PNG is held under customary land tenure and is often communally owned. Land held under customary land tenure cannot be alienated by the customary owners other than through being acquired by the State.

(b) State land

Upon acquisition of land by the State from customary owners (either by agreement or, where the land is acquired for public purposes, by compulsory process) the State is in a position to grant title to the land so acquired. Further, once acquired, the original customary or "traditional" land owners should have no further claims in respect of the land and leases from the State over such land should be inviolable. However, at various times, "traditional" land owners have exercised considerable pressure by way of demands for additional compensation for land previously acquired by the State. Technically such claims can only be made against the State, however in practice they are also usually levelled at the holder of the State lease as well.

Almost invariably when the State grants title to land which it has acquired from customary owners, if the land is mobilised for use by the private sector, the State grants a long term leasehold of the land by way of a State lease, usually for 99 years. State leases are generally granted for particular purposes. The more common are agricultural purposes, business purposes and residence purposes.

Upon issue of a State lease, generally that title is registered pursuant to the Land Registration Act (Chapter 191), which generally confers a "Torrens" style title upon the registered proprietor. As such the title of the registered proprietor is generally indefeasible except in very limited circumstances including fraud. However, the PNG courts have interpreted these exceptions widely and there are instances where the courts have upset registered titles where the processes of land acquisition and grant of a State lease have not strictly followed prescribed procedures even where no fraud is demonstrated.

(c) Subleases from land groups in PNG

Under the Land Act (Chapter 191), there are processes to enable customary land owners to mobilise their land for commercial use. Generally these processes involve:

- Land owners establishing an incorporated land group or a company;
- the Department of Lands engaging with the land owners to ensure that the State is dealing with the true customary land owners and the land is appropriately surveyed;
- the land owners agreeing to lease their land to the State for 99 years at no land rent; and
- the State leasing back the land to the incorporated land group or company owned by the land owners for 99 years less one day at no land rent.

Once these processes are completed, the lessee is then free to sublease its land to third parties for the balance of the term of the State lease. Once the land is placed on a lease/lease-back system, all customary rights in the land, except for those which are specifically reserved in the lease, are suspended for the period of the leases to the State.

Under subleases of this kind, the lessor land group or land owner company is obliged to maintain its own tenure under the State lease from which it derives title. Hence, the land group or land owner company cannot cause a State lease to be terminated. The State lease comes to an end upon expiration of the lease term at which time the relevant sublease also comes to an end. On expiration of the State lease term, the land reverts to customary ownership.

Many customary land owners of land adjacent to the core oil palm estates (held by each of our PNG subsidiaries under State lease tenure) have been introduced to these land mobilisation processes on the basis that if they do convert their land under the lease back systems which are available, the relevant PNG subsidiary will sublease that land from the land group or company representing the relevant customary land owners. These arrangements commonly require the relevant PNG subsidiary to pay a modest land rent, oblige it to develop and maintain the land under oil palm, oblige it to harvest FFB and oblige it to pay a royalty to the lessor generally equal to 10% of the price paid at the mill for FFB). Some of these arrangements also involve the issue of shares in NBPOL to the land group concerned. Generally these arrangements financially incentivise the customary land owners to allow the land (the subject of the sublease) to continue to be made available for oil palm. If land owners were to unlawfully repossess the land, they would also lose their income stream from the land.

One of these lease/lease back systems involves the issue of Special Agriculture and Business Leases ("**SABL**") pursuant to section 11 of the Land Act (Chapter 191). A number of our plantation estates in PNG are SABL land subleased from the owners of the State lease land who are mostly incorporated land groups.

7.23.4 The Solomon Islands

The Ministry of Agriculture and Livestock of the Solomon Islands oversees the development of the agricultural sector which includes palm oil. The power to make regulations for the sector in general vests in the Minister for that Ministry ("**Minister**").

The cultivation, movement, sale, purchase and milling of the palm fruit as well as the sale, movement and purchase of palm oil products in the Solomon Islands are governed by, among others, the following laws and regulations:

(i) Commodities Export Marketing Authority Act (Cap. 36) ("CEMAA")

The CEMAA established the Commodities Export Marketing Authority ("**CEMA**") and vests in that statutory authority the power to regulate marketing and export of certain declared commodities, including palm oil and palm oil products, and to set standards for such commodities for purposes of export. Under the CEMAA, CEMA issues licences for export of commodities and provides reports to the Minister based on which he/she gives directions to CEMA to carry out. The Minister is also empowered by the CEMAA to make regulations prescribing, among others, standards of quality control of a commodity and rules regarding grading, storing, freighting, transporting and shipping of commodities as well as labelling and marking of commodities. The CEMAA is not specific to palm oil and CEMA's focus is on all agricultural commodities. Regulations made under the CEMAA thus far relate to copra and cocoa only.

To date, neither CEMA nor the Minister has made any rules or regulations specific to palm oil. Since incorporation of GPPOL, our Solomon Islands subsidiary, CEMA has been applying the Oil Palm Processing Industry Code of Practice (Papua New Guinea) to GPPOL's mill operation and other related aspects of the industry in the absence of local regulations which have yet to be promulgated by CEMA.

(ii) Agriculture and Livestock Act (Cap. 35) ("ALA")

The primary purpose of the ALA is to protect agriculture and livestock from weeds and diseases. By the ALA, the Minister has the power to declare noxious weeds and to make rules in relation to diseases that might affect the sector. Nothing in the ALA specifically addresses palm oil.

(iii) Agriculture and Livestock (Plant Protection) Rules 1976 ("Rules")

The Rules were made by the Minister under the ALA. Under the Rules, the Minister may prohibit movement of diseased plants or prohibit growing of crops in an area as a preventive measure against spread of a disease affecting plants, and may declare infected areas or quarantine areas. Nothing in the Rules specifically addresses palm oil.

(iv) Safety At Work (Pesticide) Regulations 1982 ("Regulations")

The Regulations were made under the Safety At Work Act (Cap. 74) (see below). Under the Regulations, any person who wishes to import, sell or use any pesticide must apply to the Registrar of Pesticides (of the Ministry of Agriculture and Livestock) for registration of that pesticide. Once that pesticide is registered, the applicant may import/use the same within a fixed period of registration (typically 5 years).

Other relevant Solomon Islands laws and regulations include the following:

(v) Safety At Work Act (Cap. 74) ("SAWA")

The SAWA governs the occupational safety, health and welfare workers in general. It does so by codifying general duties related to occupational safety and health at common law. These include a duty of an employer to ensure the safety of workers, a duty of a person in control of a worker place to ensure the safety of others working there and specific duties to ensure safety where a work place involves machineries, pressure and vacuum systems, flammable substances and electrical instalments. This SAWA was adapted from English legislation from the industrial revolution era and is more applicable to factory-type work places only.

(vi) Labour Act (Cap. 73) ("Labour Act")

The Labour Act governs employment in the Solomon Islands generally. The Labour Act sets minimum conditions for wages and other entitlements of workers, prohibits employment of women in certain conditions and employment of children, prescribes rules for apprenticeship and rules for care of workers who reside at the or near the work place. The Labour Act also requires any foreign worker to provide a written contract with a local employer and satisfy immigration laws before a work permit can be issued to him/her. A number of regulations have been promulgated under the Labour Act on areas such as sick leave, annual leave and basic facilities to be provided to workers residing at or near the work place.

(vii) Employment Act (Cap. 72) ("Employment Act")

The Employment Act was enacted to supplement the Labour Act. The Employment Act sets rules for dealing with redundancy and long service benefits. It also requires all employers to take out insurance policy to cover compensation for workers in the even to injury or death.

(viii) Workman's Compensation Act (Cap. 78)

Under the Workman's Compensation Act (Cap. 78), a duty is imposed on every employer to compensate their worker if he/she is injured or dies in the course of his/her duties. A procedure and formula is also prescribed to be used if such event occurs.

(ix) Environment Act 1998 ("Environment Act")

The Environment Act established the Environment and Conservation Division and imposes a requirement that any person who wishes to carry out a prescribed form of development must apply for a development consent from the Director of that Division. Palm oil business is a prescribed development under the Environment Act. The Environment Act also sets out rules to control pollution from development and a process that will be followed in the event of pollution.

7.23.5 Liberia

SD Plantation (Liberia), our wholly-owned subsidiary, signed a 63-year concession agreement with the Liberian government in 2009 ("**Concession Agreement**") to develop 220,000 Ha of land into oil palm and rubber plantations. Our operations in Liberia are governed by, among others, the following laws and regulations:

(i) Investment Act

The Investment Act creates the framework for investment in Liberia and applies to all enterprises. Unless otherwise provided by the Investment Act, foreign investors are obliged to comply with all domestic laws regulating local business organisations.

The Concession Agreement entered into by SD Plantation (Liberia) with the Liberian government has complied with the procedural requirements as prescribed under the Investment Act. It has the full force and effect of law as a specific statute and supersedes any statute of general application in the event of any conflict, interpretation or application.

Section 33.2 of the Concession Agreement provides that no law or action or inaction of the Liberian government shall derogate, delay or prejudice the rights and benefits of SD Plantation (Liberia) as enshrined in the Concession Agreement.

Section 33.8 of the Concession Agreement provides that no law, contractual arrangement or other action by the Liberian government shall discriminate against SD Plantation (Liberia).

(ii) National Investment Commission ("NIC")

The current statutory mandate of the NIC is to promote Liberia's investment opportunities, attract and support the growth of value-adding foreign direct investments, and advocate for and strengthen the domestic private sector. As the Liberian government's principal agency of investor relations, NIC aims to guide the investor through the Liberian marketplace. The Liberian government, through the NIC, also:

(a) provides guarantees against unfair expropriation;

(b) ensures the ability of investors to repatriate capital and profits;

(c) oblige the government to protect intellectual property; and

(d) provides access to internationally recognised dispute resolution mechanisms.

Foreign investors have the right to own property. However it should be noted that land ownership is reserved for Liberian citizens.

(iii) Decent Work Act

The Decent Work Act regulates and governs all employment and employees in Liberia, with the following exceptions:

(a) employees of the Liberian government; and

(b) officers, crew members, mariners, greasers, firemen, stevedores, launch drivers, cooks, laundrymen and any other persons employed or in training on vessels.

Subject to the Decent Work Act and other laws governing immigration, foreigners of any nationality may be employed in Liberia. Employees of enterprises owned by foreign investors in Liberia, regardless of nationality, are subject to the applicable laws.

Labour relations between enterprises owned by foreign investors and their employees are regulated by their individual labour agreements or by collective bargaining agreements with the particular union if the employees are unionised. A labour agreement may not establish standards lower than those mandated by the Decent Work Act. SD Plantation (Liberia) has a collective bargaining agreement with its employees.

The Decent Work Act guarantees equal employment opportunity for all, including foreigners with valid work permits.

(iv) Public Lands Law

The Public Lands Law is the current legal instrument that regulates the administration, management and leasing of public lands in Liberia. The Public Lands Law empowers and authorises the President of Liberia to lease any portion of the public lands not appropriated for other purposes to any foreign individual or corporation for engaging in agricultural, mercantile, or mining operations in Liberia. The initial term of the lease is for a maximum of 50 years with an option to renew for an additional 50 years on such terms as the contracting parties may agree. Both periods of the lease require ratification by the National Legislature.

A new Land Rights Act is currently before the National Legislature, comprising the House of Representatives and the Senate, for enactment. It was recently passed by the House of Representatives on 17 August 2017 and has been forwarded to the Senate for concurrence. When enacted, it will have a significant impact on the administration of all land in Liberia, both private and public.

(v) Environmental Law

The Environmental Law established the Environmental Protection Agency ("**EPA**") which is the principal authority in Liberia for the management of the environment to monitor, coordinate, supervise and consult with relevant stakeholders on all activities relating to the administration and protection of the environment as well as the sustainable use of natural resources. The EPA regulates activities of operators in the environment. The EPA also reviews and approves environmental impact statements and assessment reports. The EPA is empowered to issue environmental restoration orders to restore degraded environment and natural resources and compensate for damages to the environment.

In addition, the Environmental Law established a specialised adjudicatory Environmental Administrative Court to hear appeals from decisions of the EPA and an Environmental Court of Appeals, which has jurisdiction of all appeals from the Environmental Administrative Court. The Environmental Law also established a National Environment Policy Council, which serves as a policy-making body for the environment.

(vi) Social Security Law

The National Social Security and Welfare Law provides for pension and workmen compensation for employees in Liberia. It applies to every employer with a work force of 25 or more persons. The National Pension Scheme and Employment Injury Scheme apply to employers with a work force of 5 or more persons. They require mandatory contributions to be made by both the employer and employee. These are administered by the National Social Security and Welfare Corporation.

(vii) Public Safety Law

The Public Safety Law prescribes regulations for the safeguarding of life and property from the hazards of fire and explosion and from the storage, handling, and the use of dangerous and hazardous substances, materials, and devices.

(viii) Agricultural Law

The Agricultural Law regulates the agriculture sector of Liberia, including but not limited to plant and animal quarantine, artificial insemination and provides for the protection of farmers and the protection and development of agricultural means of production and farm commodities.

7.23.6 The Netherlands

Our operations in the Netherlands are primarily refining and modification of vegetable oils for use in food production and for technical use. These operations are subject to, among others, the following laws and regulations.

(i) Laws and regulations in respect of the production of food

Dutch legislation in respect of the production of food and food ingredients comprise European Union ("**EU**") Regulations, which have direct effect in the Netherlands and other EU member states, and Dutch laws and regulations which are based on and implement EU Directives. These Regulations and Directives are summarised below. Food legislation is enforced in the Netherlands by the Food and Consumer Product Safety Authority, which is part of the Ministry of Economic Affairs.

(a) <u>Regulation EG/178/2002 laying down the general principles and requirements of food law</u>

This Regulation lays down the general principles and requirements of food law, establishes the European Food Safety Authority and lays down procedures in matters of food safety. This Regulation stipulates that companies which manufacture or process food must have a control system that safeguards the quality of its products. Furthermore, food producers must be able to trace the origin of their feedstuff and the destination of their products.

According to the Dutch Commodities Act, which is based on this Regulation, producers of food must have a Hazard Analysis Critical Control Points ("**HACCP**") system, being a systematic approach to the identification, evaluation, and control of food safety hazards, laid down in a written plan.

(b) Regulation (EC) 852/2004 on the hygiene of foodstuff

This Regulation stipulates the hygienic requirements food producers need to abide by.

(c) Regulations EG/2073/2005 and EG/1441/2007 on microbiological criteria for foodstuffs

These Regulations set out the maximum concentration of microbes allowed in food products and protect consumers against unacceptable levels of microbes in foodstuffs.

(d) Regulation EC/1935/2004 on materials and articles intended to come into contact with food

This Regulation deals with manufacturing and trading in (placing on the market of) materials and articles intended to come into contact with food and applies to manufacturers of and traders in these materials and articles.

(e) Directive 2006/42/EC on machinery

This Directive defines the essential health and safety requirements on machinery and is supplemented by a number of more specific requirements for certain categories of machinery.

(ii) Zoning regulations

The Netherlands have strict laws and regulations with respect to the development and the intended use of buildings and industrial sites. The municipal system of zoning plans determines in detail what may and may not be built.

(iii) Environmental permits

The Netherlands have strict rules and regulations with respect to the environment, concerning air, water (discharge of waste), smell, noise, (soil) pollution, safety and nature conservation. These rules are laid down in several laws, among others the Environmental Management Act, the General Rules for Activities (Environmental Management) Decree, the Nature Conservation Act, the Water Act, the Soil Protection Act and the Noise Abatement Act. Industrial companies are subject to these laws and regulations and must have obtained the appropriate licences. Without those licences they are prohibited from establishing, altering or operating their facility.

(iv) Soil pollution

Companies have a duty of care to prevent soil pollution. The polluter is liable for the costs of removing soil pollution. If the polluter cannot be traced or no longer exists, the owner will be liable. Special rules apply in the case of serious pollution of industrial sites. The authorities may order the owner to remove the pollution in accordance with an improvement plan, which must be approved by the authorities, and the authorities may give instructions in respect of the clean-up. If the pollution has been caused by another party, the owner may claim damages from the polluter.

(v) Hazardous materials

Companies where hazardous materials are present are subject to the Major Accidents (Risks) Decree 2015. These companies have to comply with severe safety regulations to prevent accidents and to protect the environment, the health and safety of employees and of the population in general against accidents and disasters. The regulations are based on European Directives 2012/18/EC (Seveso III).

(vi) Health and safety

Strict rules apply with regard to working conditions, health and safety, which are aimed at preventing accidents and disability, caused at the workplace. These rules are laid down in, among others, the Working Conditions Act.

(vii) Employment law

Dutch employment law offers far-reaching protection to employees against dismissal. Except for dismissal for cause and termination of employment agreements for a fixed term, employment agreements can only be terminated with the approval of the Employees Insurance Agency or by the court. In both cases, the employer must demonstrate a specific reason and in most cases, the employee will be entitled to compensation. In case of illness or injury the employee has employment protection for a duration of 2 years.

7.23.7 Thailand

Our business of sale and manufacturing of vegetable oil in Thailand is governed by, among others, the following laws and regulations:

(i) Food manufacturing law

Generally, the operation of a factory which manufactures food requires: (i) a factory licence (under the Factory Act B.E. 2535) ("**Factory Act**"); (ii) a food manufacturing and importation licence (under the Food Act B.E. 2522); and (iii) for specific controlled food categories, compliance with prescribed registration, quality, advertisement and/or labelling requirements prescribed by the Food Bureau of the Food and Drug Administration (also under the Food Act B.E. 2522). Edible vegetable oil does fall within one of the prescribed food categories.

(ii) Occupational Health and Safety Act B.E. 2554 ("OHSA")

The OHSA and related regulations, impose general obligations on employers to ensure a safe and hygienic workplace for employees. Specific obligations include requirements to: develop work place safety plans, appoint work safety officers and personnel, provide employees with information, operational manuals, warnings, protective gear and/or training in respect of work place safety and report serious workplace accidents.

Safety inspectors have wide ranging powers under the OHSA, including the power to enter/inspect the workplace to ensure compliance with safety regulations and standards, and (where necessary) order cessation of use of machinery, equipment, building or location.

Employers are required under the Workmen's Compensation Act B.E. 2537 and the Social Security Act B.E. 2533 to register make contributions to the workmen's compensation fund and the social security fund, respectively, from which certain prescribed benefits are paid to employees who suffer work-related injuries. Although the primary purpose of the social security fund is to provide benefits on retirement, it is also accessible, in some circumstances, in the event of work-related injury.

(iii) Land Code (1954) ("Land Code")

The Land Code prohibits a foreigner from owning land in Thailand unless a specific exemption applies, including where the foreigner acquired land pursuant to investment promotion privilege obtained under the Investment Promotion Act B.E. 2520 or where the land is located within a registered industrial estate. For the purpose of the Land Code, a foreigner includes a company incorporated in Thailand with more than 49% of its total issued shares held by a foreigner or more than half of the shareholders (by number) are foreigners.

(iv) Labour law

The Labor Protection Act B.E. 2541 ("**LPA**"), the Labor Relation Act B.E. 2518 ("**LRA**") and the CCC and related regulations are the principal legislations regulating labour relations in Thailand. The LPA prescribes minimum statutory rights for workers, including the minimum wage, leave and other benefits, termination/transfer of employment and protection against discrimination. The LRA prescribes rules for trade unions and collective bargaining agreements. In addition to the LPA and LRA, employment contract terms are also subject to the relevant provisions of the CCC.

(v) Environmental law

The Enhancement and Conservation of National Environmental Quality Act B.E. 2535 and the Navigation in Thai Waters Act B.E. 2456 are the principal environmental protection legislations in Thailand. Generally, strict liabilities are imposed on the owner or operator of the factory/facility (or the owner of the land on which the factory/facility is situated) which caused or was presumed to have caused environmental damage. The principal features of the regime include ministerial regulations to prescribe protected areas as well as conservations measures, including requirement to submit environmental impact assessment reports for (generally large industrial) projects and setting environmental quality standards for water, air, noise, and other environmental conditions.

In addition, the Factory Act also contains environmental protection measures which, among others, regulate how factories discharge waste and sewage, prohibit discharge of untreated wastewater and air pollutants, prescribe requirements for treatment of waste water, air pollutants and noise pollution standards.

7.23.8 United Kingdom

Our refinery located in Liverpool, the United Kingdom is governed by, among others, the following laws and regulations:

(i) Health and Safety at Work etc. Act 1974 ("HSWA 1974")

The HSWA 1974 applies to everyone at work – employers, the self-employed and employees and protects the general public from work activities. Failure to comply is a criminal offence and proceedings can be taken against the company and/or the directors and senior managers (where the offence has been committed with their consent, connivance or neglect). The HSWA 1974 provides a framework under which regulations, guidance notes and codes of practice are published. Rather than setting out prescriptive steps which must be followed, it imposes various duties on employers and requires assessments to be undertaken to prove compliance.

The HSWA 1974 imposes a duty on all employers to ensure, so far as reasonably practicable, the health, safety and welfare at work of all his employees. An employer with 5 or more employees must (i) prepare a written health and safety policy statement; (ii) provide details of the organisation and the arrangements for carrying out these policies; and (iii) bring this to the notice of employees. Employers are also subject to another duty to conduct their undertaking in such a way as to ensure, so far as reasonably practicable, that persons not in his employment (for example, subcontractors, members of the public, emergency services and visitors) who may be affected are not exposed to risks to their health and safety.

(ii) The Management of Health and Safety at Work Regulations 1999 (MHSWR 1999)

The MHSWR 1999 reinforces the HSWA 1974, placing duties on employers and employees. The MHSWR 1999 specifies what employers must do to comply with the HSWA 1974. The principal obligation on every employer of 5 or more employees, is to undertake a risk assessment of the health and safety risks that their employees and others who may be affected by their work may be exposed to.

(iii) Health and Safety (First-Aid) Regulations 1981 ("HSFAR 1981")

The HSFAR 1981 requires employers to provide adequate and appropriate equipment, facilities and personnel to ensure that their employees receive immediate attention if they are injured or taken ill at work. There is also a duty on employers to inform their employees of the workplace first-aid arrangements. The HSFAR 1981 applies to all workplaces, irrespective of the number of employees, including the self-employed. The legal duty does not extend to making first-aid provision for non-employees.

(iv) Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ("RIDDOR 2013")

The RIDDOR 2013 places a legal duty on employers, the self-employed and people in control of work premises to report certain workplace incidents to the Health and Safety Executive. Other than gas incidents, a death or injury needs to be reported when there has been an accident which caused the injury, the accident was work-related and the injury is of a type that is reportable. The duty to report is not limited to injuries sustained by workers, but extends to members of the public or people who are not at work that have been injured and taken to hospital for treatment of that injury. It is not necessary to report an injury to a non-worker if they are taken to hospital as a precaution only.

(v) Food Safety Act 1990 ("FSA 1990")

The FSA 1990 sets out the framework for food safety and obligations on the food producer and handler. It is the responsibility of food businesses to ensure food is safe to eat (including not adding anything to, removing anything from, or treating food in such a way as to make it harmful); to ensure food labelling is not misleading; to withdraw unsafe food and provide sufficient information as to why it has been withdrawn; and to display their food hygiene rating if selling direct to the public.

The FSA 1990 contains offences for any food business that:

- whether deliberately or not, renders food injurious to health by (i) adding a substance or using a substance in its preparation, (ii) removing any constituent part from it, or (iii) subjecting it to any other process or treatment;

- sells, to the purchaser's prejudice, food which is not of the nature, substance or quality demanded. The purchaser can be either a consumer or a business. This offence requires the purchaser to suffer some form of detriment due to the substandard nature, substance or quality; and

- labels or advertises food in such a way that is false or misleading as to the nature or quality of the food. This applies to both consumer and business purchasers. There is a similar offence in the General Food Regulations 2004 which applies only to consumers being misled.

(vi) Environmental Permitting (England & Wales) Regulations 2016 ("Environmental Regulations 2016")

The Environmental Regulations 2016 provides the consolidated environmental permitting regime in England and Wales. It sets out which activities require a licence to be lawfully carried out, including, but not limited to: waste management; pollution prevention and control; water discharge; groundwater activities; activities with radioactive substances; and flood risk activities.

Subject to the applicability of any exemptions contained in the Environmental Regulations 2016, anyone operating a facility where a regulated activity contained in the Environmental Regulations 2016 ("**Regulated Facility**"), or causing or knowingly permitting a water discharge or groundwater activity to take place, must obtain a permit from the Environment Agency ("**EA**") (or the local authority in relation to certain Regulated Facilities). The operator of the Regulated Facility must hold the environmental permit.

The operation of a Regulated Facility or causing a water discharge or groundwater activity without an environmental permit, failing to comply with any conditions attached to an environmental permit, or failing to comply with an enforcement notice issued by the EA or the local authority are all offences, punishable by an unlimited fine or imprisonment. There are further offences under the Environmental Regulations 2016 in relation to dealing with the EA or the local authority.

(vii) Environmental Protection Act 1990 ("EPA 1990")

The EPA 1990 provides a system of integrated pollution control for the disposal of wastes to land, water and air. The EPA 1990 contains an offence for any person who deposits, submits, treats, keeps or disposes of controlled waste without an appropriate environmental permit.

The EPA 1990 also imposes a duty of care on any person who produces, imports, keeps, stores, transports, treats or disposes of waste to take all reasonable steps to ensure that waste is managed properly. In order to comply with the duty of care, a producer of waste must ensure that the person taking control of their waste is appropriately licensed to do so; take steps to prevent waste from escaping from their control; store it safely and securely and prevent it from causing environmental pollution or harming anyone; and describe their waste in writing and prepare a transfer note when passing the waste to someone else.

7.23.9 China

Our joint venture company, Rizhao SD Oils & Fats, is a sino-foreign equity joint venture incorporated in China. Its business activities, which include import and export, procurement, processing and wholesale of plant oil and primary agricultural products, marketing and sales planning, and warehousing services, are primarily governed by the following laws and regulations of China:

(i) Sino-foreign Equity Joint Venture Law

In general, there are 2 types of corporate person entities in China: limited liability companies ("**LLC**") and companies limited by shares. Companies are further identified on the basis of whether they have foreign investors. Companies which have foreign investors are known as foreign-invested enterprises ("**FIEs**") and are treated differently from domestic Chinese companies in a number of respects. There are 3 main types of FIEs: the equity joint venture ("**EJV**"), the cooperative joint venture and the wholly foreign-owned enterprise.

EJVs are primarily regulated by the Sino-foreign Equity Joint Venture Law of China and its implementation rules.

An EJV (being an LLC) is a legal entity which has ownership and property rights and the liability of investors in the company is limited to the extent of their investment. Capital of an EJV is not divided into shares. Instead, investors hold an "equity interest" in the registered capital based on the amount they have contributed to the registered capital of the company.

(ii) Real property

(a) Land use right

In China, land is either owned by the State or collectives, and private entities or individuals may only possess the right to use the land. For the land of construction use specifically, it is owned by the State only and private entities may acquire the right to use such land by entering into a grant contract with the local government, subject to the prerequisite planning permission of a specific construction project by the relevant planning administrative department.

The land use right generally includes the right to process, use and receive proceeds from such land, as well as the right to dispose of such rights. The grantee may register its land use right with the competent administrative department, after it has signed the grant contract with the government and paid the granting fee accordingly. Under the Property Law of China, the grantee's property interest in the land, i.e. the land use right, will be created only after it has been registered with the competent administrative department.

(b) Building ownership

Upon fulfillment of an environmental impact assessment, as well as other statutory requirements as to the acquisition of real property ownership, a private entity may apply for the initial registration for its ownership interest in the building and other fixtures on the land with the competent administrative department. A property ownership certificate will be issued after the application for the initial registration has been approved. As with the land use right, ownership interest in the building and other fixtures on the land will be created only after it has been registered with the competent administrative department, pursuant to the Property Law of China.

(iii) Import licensing regime

A company seeking to engage in import of goods ("**Import Trader**") into China is required to obtain requisite qualification by fulfilling the filing registration with the Ministry of Commerce of China ("**MOFCOM**").

Upon approval by the MOFCOM, the applicant will receive a registration form affixed with the official seal of the MOFCOM, and will hence, be qualified to conduct importation business.

(iv) Food circulation/operation permit regime

Distribution of food in China is primarily regulated by the Food Safety Law of China, the Implementation Rules of Food Safety Law of China and the Administrative Rules of Food Operation Permit. The primary regulator of this sector is the State Food and Drug Administration of China and its local counterparts ("**FDA**").

According to the Food Safety Law of China, China adopts a permission regime on manufacturing and operation of food. Any entity that engages in manufacturing or distribution of food must apply to FDA for a permit.

The permit regime was reformed in 2015 upon promulgation of the new Food Safety Law of China. Due to the reform in 2015, the name of the permit for distribution of food was changed from Food Circulation Permit to Food Operation Permit.

The Food Operation Permit is valid for 5 years[1], which sets out the information of the operator and the scope of permit, such as the name, registration number, name of the legal representative, address, and business model (e.g. wholesale or retail) of the operator, type of food (e.g. bulk palm oil, packaged food) it distributes, etc. The Food Permit Operation can be renewed upon expiration, which must be applied for by the applicant before 30 days prior to the expiry date.

7.23.10 The United States

Our joint venture company, Emery U.S., was incorporated in Delaware, the United States and has operations in Cincinnati, Ohio. Its business activities, which include production, sales, distribution and trading of oleochemicals or other chemicals products, are primarily governed by the following laws and regulations of the United States:

(i) Ohio

The Ohio Revised Code ("**ORC**") contains the general laws of the state of Ohio. It includes 31 general titles which contain the text of individual statutes. Relevant sections of the ORC include insurance requirements, employment standards, environmental protection provisions, the Consumer Sales Practices Act, taxation requirements, and product liability laws.

(a) Insurance requirements

Under the ORC, if a business has any employees, it must maintain an active workers' compensation policy. Such a policy will cover employees against workplace injury.

(b) Employment standards

Every business must adhere to minimum wage, and overtime standards as per the Ohio Constitution. This wage rate may shift as adjusted by the director of commerce. Section 4112 of the ORC regulates equal employment opportunities. These laws prohibit discrimination due to race, colour, religion, sex, national origin, disability, age or ancestry of any person. The ORC also includes an Ohio Equal Pay Act that forbids gender-based discrimination in pay.

[1] The Implementation Rules of Food Safety Law sets out that the permit shall be valid for 3 years. However, in practice, all permits are valid for 5 years in accordance with the Administrative Rules of Food Operation Permit.

(c) Environmental protection provisions

ORC section 3745 created the Ohio Environmental Protection Agency ("**Ohio EPA**"), which has authority to administer laws pertaining to emergency planning, toxic chemical release reporting, the cessation of chemical handling operations, and the prevention and control of both air and water pollution. Businesses that participate in the manufacture of certain toxic chemicals may be required to file a completed toxic chemical release form for each toxic chemical manufactured, and submit it to the Ohio EPA year. This determination is based on the amount of the chemical produced.

(d) The Consumer Sales Practices Act ("**CSPA**")

The CSPA places limits on deceptive consumer sales practices, such as false advertising. Requirements include that all sellers accurately represent the characteristics of their products, and honour guarantees and warranties. If a business does not adhere to these requirements the Attorney General has authority to investigate businesses and order them to stop such unconscionable practices.

(e) Taxation requirements

Real property in Ohio must be assessed for taxation purposes. Based on the assessment, persons must pay tax in full before 31 December, or persons must pay one-half of taxes before such date, and the remaining half before the following 20 June.

(f) Product Liability Act

The Product Liability Act provides that a product liability claim may be based on misrepresentation, manufacture/construction defect, defect in design or formulation, and defect in warning or instruction. Ohio product liability laws also proscribe limitations on the amount of damages that can be claimed, the timing to file suit (2 years), and the degree of responsibility required of a customer.

The Ohio Administrative Code contains the full text of all rules that have been adopted by the agencies of Ohio. Relevant rules are promulgated by state agencies such as the Ohio EPA, the Human Resources Division, and the Department of Taxation.

(g) The Ohio EPA

The Ohio EPA sets multiple environmental regulations. Regulations include record keeping requirements on the release of toxic chemicals, and heavy penalties for the violation of such requirements. Businesses must also adhere to Ohio EPA standards for waste management.

(h) Human Resources Division

Employment regulations set by the Human Resources Division include an Equal Employment Opportunity Policy.

(i) Department of Taxation

Applicable Department of Taxation regulations include, but are not limited to, a manufacturer use tax. Manufacturers may owe use tax on their untaxed purchase of tangible personal property. This includes purchases of certain services provided, and certain purchases that are used in the manufacturing process.

(ii) United States Federal Code ("U.S.C.")

The U.S.C. consolidates the general and permanent laws of the United States. The U.S.C. is broad, and contains 53 titles encompassing many statutes and regulations. The most relevant sections cover environmental laws, employment and labour laws, and advertising and marketing laws.

(a) Clean Air Act ("**CAA**")

The CAA regulates air emissions, including those of hazardous pollutants. It is administered by the United States Environmental Protection Agency ("**EPA**"). Through the CAA, the EPA mandates air quality control regions, and requires permits to build stationary sources of air pollution.

(b) Toxic Substances Control Act ("**TSCA**")

The TSCA authorises the EPA to set reporting, record-keeping and testing requirements relating to chemical substances and mixtures. Under the TSCA manufacturers are generally required to submit notification to the EPA before they begin the manufacture of a new chemical. The EPA is tasked with reviewing the chemicals to discern if the chemical presents too great a risk to human health or the environment.

(c) Federal Insecticide, Fungicide, and Rodenticide Act ("**FIFRA**")

The FIFRA regulates the distribution, sale, and use of pesticides. All pesticides distributed or sold in the United States must be registered and licensed by the EPA. Pesticides must undergo many tests dealing with safety and effectiveness before they are approved by the EPA.

(d) Comprehensive Environmental Response, Compensation, and Liability Act ("**CERCLA**"), and the Emergency Planning and Community Right-to-Know Act ("**EPCRA**")

Both the CERLA and the EPCRA place additional requirements on the chemical industry to report on the use and release of hazardous substances. Further, the CERLA also gives the EPA authority to set clean up initiatives for uncontrolled hazardous waste sites. The EPA is charged with tracking down those parties responsible for hazardous waste, and ensuring that they cooperate in clean up.

(e) Fair Labor Standards Act ("**FLSA**")

The FLSA sets minimum wage standards, and regulates child labour. The FLSA is enforced by the United States Department of Labour.

(f) <u>Occupational Safety and Health Act</u>

The Occupational Safety and Health Act regulates worker and workplace safety by implementing rules to minimize employee exposure to toxic chemicals, unsanitary conditions, and other potential workplace dangers. The Occupational Safety and Health Act also established the Occupational Safety and Health Administration ("**OSHA**"). Rules include that employers must ensure that employees have and use personal protective equipment when necessary, and that all employers quickly report to OSHA any deaths or hospitalisations due to work-related incidents.

(g) <u>Equal Employment Laws</u>

Federal Employment Laws prohibit workplace discrimination and are enforced by the United States Equal Employment Opportunity Commission. Such equal employment opportunity laws include: the Americans with Disabilities Act of 1990, the Equal Pay Act of 1963, and the Civil Rights Act of 1964.

(h) <u>Federal Trade Commission Act ("**FTCA**")</u>

The FTCA gives the Federal Trade Commission authority to monitor advertising and marketing to prevent unfair competition, deceptive acts and practices. Violations of the FTCA include false advertising, and misleading representations.

(iii) Code of Federal Regulations ("CFR")

The CFR codifies general and permanent rules and regulations that have been published by the executive departments and agencies of the federal government. Applicable regulations include Export Administration Regulations ("**EAR**"). The EAR are enforced by the Commerce Department. These provisions regulate the export of most commercial goods that originate in the United States Requirements may include the acquisition of a license from the Commerce Department prior to the exportation of a product.

7.24 HIGHLY DEPENDENT CONTRACT

Save for the Trademark and Brand Licence Agreement as disclosed in Section 7.21 of this Prospectus, as at the LPD, there are no material agreements or contracts (including informal arrangements or understandings) which have been entered into by our Group and which our Group is highly dependent on.