



GLOBAL PALM RESOURCES HOLDINGS LIMITED

(Company Registration No. 200921345M)

(Incorporated in the Republic of Singapore)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTOR ASSOCIATION (SINGAPORE) (“SIAS”) ON ANNUAL REPORT 2021

The Board of Directors (the “Board”) of Global Palm Resources Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) refers to the questions raised by the Securities Investors Association (Singapore) (“SIAS”) on the Group’s FY2021 Annual Report, and wishes to respond to the questions in **blue** as follows:

Q1. For the financial year ended 31 December 2021, the group posted a 91% increase in revenue to Rp535.5 billion (S\$50.8 million) in FY2021.

Net profit attributable to shareholders was Rp71.9 billion (S\$6.8 million) compared to a net loss attributable to shareholders of Rp7.2 billion (S\$0.7 million).

This was mainly due to the increase in:

- CPO average selling price from Rp8,320/kg (S\$0.78/kg) to Rp10,965/kg (S\$1.04/kg);
- CPO sales volume increased from 30,012 tonnes to 38,018 tonnes;
- PK sales volume increased from 5,994 tonnes to 6,028 tonnes;
- PK average selling price increased from Rp4,332/kg (S\$0.41/kg) to Rp6,963/kg;
- FFB sales volume increased from 2,182 tonnes to 31,706 tonnes; and
- FFB average selling price increased from Rp1,938/kg (S\$0.18/kg) to Rp2,417/kg (S\$0.23/kg)

The operational highlights are shown on page 35 of the annual report and reproduced below:



(Adapted from company annual report)

The table below shows the yield achieved by comparable palm producers in 2021.

	Industry peers	Company
FFB yield (tonnes/ha)	17.2 to 18.6	13.0 14.6 (Nucleus only)
CPO extraction rate (%)	22.6 to 22.7	22.1
PK extraction rate (%)	4.8 to 5.2	4.3

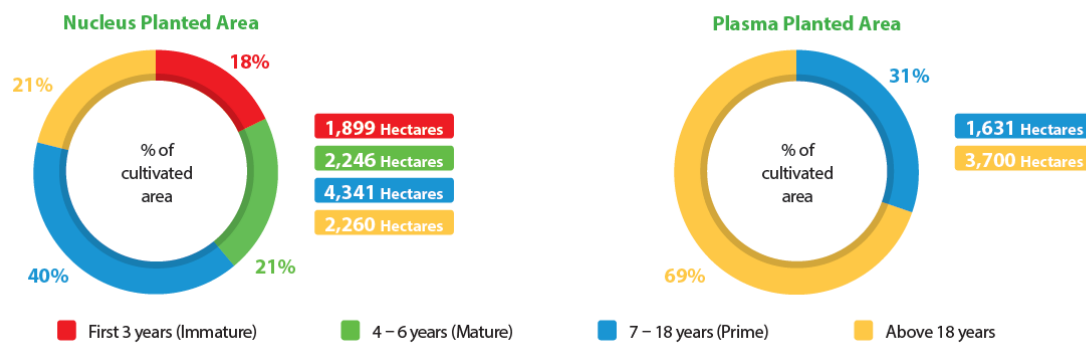
(i) What are the reasons for the relatively low yield from the group’s plantations?

Company’s reply

As reflected in the age profile of our plantation in the annual reports and extracted for FY2021 and FY2020 below, we have a portion of our plantation which are older palm trees and are not yielding at its maximum capacity. This compiled with the relative high percentage of maturing palm trees has resulted in a relatively low yield for the group’s plantation.

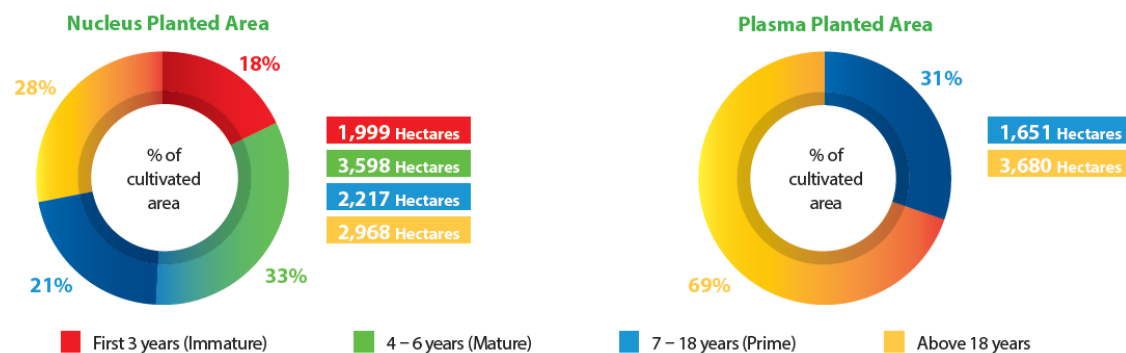
As at 31 December 2021

AREA CULTIVATED BY AGE PROFILE



As at 31 December 2020

AREA CULTIVATED BY AGE PROFILE



The Group started replanting its older palm trees with newer breed of higher yielding palm trees since FY2016. The management expects to see higher yield per hectare when the replanted palm trees reach maturity.

(ii) In addition, is the group providing sufficient support to the plasma farmers? Why is there a difference of approximately 10% in the FFB yield?

Company's reply

Our plasma scheme operates where the plasma farmers run the estate as per their rights. The Group has been providing advice and support for the plasma farmers to run the estate in a more professional manner. The difference in yield is dependent on whether the plasma farmers choose to adopt to run the estate in a professionally as advised. For those who chose to adopt best practices following the Group's standards, their yields are similar to the Group's nucleus yield.

(iii) What are the levers available to the group to further improve the FFB yield and the extraction rates to catch up to the industry?

Company's reply

We expect to see higher yield per hectare when the replanted palm trees with better seedlings, reach maturity. As our trees mature, we will have more prime trees in terms of age profile, that will help with the FFB yield and extraction rates. We are also continuously making improvements in our mills to catch up with the current technology. In FY2021, we have replaced some older machines and equipment with newer and more efficient ones.

(iv) What is the size of the group's field maintenance team? How experienced is the team in oil palm? Is the group leveraging new technology, such as digital tools, soil monitoring, IoT, data analytics, weather monitoring, to improve yield?

Company's reply

The field maintenance is headed by the Plantation GM supported permanent staff of estate managers & supervisors. Most of these permanent staff are with 15- 20 years of working experience in the field & are experienced through the 1st generation of planting. It is further supported by a team of Field Internal Control personnel who will assist in monitoring & ensuring all standards operating procedure are adhere to.

The group has the flexibility to determine the number of field workers required according to field condition as all the field workers / labourers are on piece work or contract rate basis.

The group has also engaged a new Head of Plantation Estate, who has > 30 years of working experience in the field of agriculture industries to strengthen the operation in the field.

Further improvement in technology monitoring are as follows:-

1. The group is also adopting new -technology by using drone to monitor the field condition.
2. Engaged consultant for regular soil & folio analysis.
3. Presently, the group is using the GoPalms – an agribusiness ERP solution to manage the plantation - <https://gopalms.com/>

Company’s reply (continued)

4. The group has also embarked on the monitoring of all the movements of the vehicles in the plantation by installing the Fleet GPS Tracking System by KATSANA Fleet Services Sdn Bhd. - <https://www.katsana.com/>

(v) How will the group’s yield increase to 26 tonnes/hectare based on the group’s projection?



Company’s reply

The Group’s projected yield of 26 tonnes/Ha based on the following:-

1. Using high quality & yield seedlings from reputable suppliers – refer the attached New Standard for FFB Yield of IOPRI’s Planting Materials.
2. By planting optimum Palm/Ha - increased from the old 136 palm/Ha to 143 palms/ha.
3. Ensure the land is fully planted without any missing palms or wastage of land.
4. Ensure proper drainage & road accessibility to all the palms in the field for maintenance & harvesting.
5. Ensure timely field maintenance & fertilizer application in the field.
6. Timely harvesting round to obtain maximum yield.
7. Proper roads & infrastructure maintenance in order for the FFB to be transported in the shortest time.
8. Ensure continuous sufficient labour / workers supplies to the plantation.

Q2. Due to the improved operating environment, net cash generated from operating activities improved to Rp117.0 billion (S\$11.1 million). Cash and cash equivalents at the end of the year was Rp160.0 billion or S\$15.2 million.

FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION

Key Highlights (Rp' billion)	As at 31 December 2021	As at 31 December 2020	Change (%)
Total Assets	933.1	879.8	6.1
– Bearer plants	297.0	293.6	1.2
– Property, plant and equipment	234.7	177.6	32.1
– Plasma plantation receivables	49.8	55.3	(10.1)
– Biological assets	31.3	16.8	85.9
– Inventories	20.7	41.0	(49.6)
– Cash and cash equivalents	160.0	173.9	(8.0)
Total Liabilities	136.0	134.5	1.1
– Trade and other payables	37.8	50.0	(24.3)
– Provision for post-employment benefits	34.8	43.4	(19.8)
Total Equity	797.1	745.3	7.0

During the year, the group also acquired an office unit in Sudirman Central Business District in Jakarta (recognised as property, plant and equipment) amounting to Rp72.0 billion (S\$6.8 million).

(i) What deliberations did the directors have on the optimal capital structure to support the group's growth?

Company's reply

As at 31 December 2021, the Group has a net gearing percentage of 0% and remains financially stable with cash resources amounting to Rp160.0 billion. For expansion and capital purchases, the Directors have continuously carefully deliberated on factors such as the commercial benefit of the purchases and also whether the presenting environment provides a good opportunity for optimum investment.

(ii) Is the group planning any major capital investments in the next 18-24 months?

Company's reply

We are continuously looking to expand through replanting and new planting in our existing available land, as well as sourcing for new acquisitions (either green field or planted land).

(iii) In the sustainability report, it was disclosed that the group aims to replant 6,000 hectares of land by 2022. **Please also elaborate further on the group’s replanting/planting schedule for the 5-10 years. Is the group reinvesting sufficiently to replace the old/matured trees?**

Company’s reply

From 2016 – 2021, the Group’s subsidiary PT Prakara Tani Sejati (“PTS”) had replanted 4,145 hectares.

Year	Hectares (“Ha”)
2016	821
2017	674
2018	751
2019	1,231
2020	17
2021	651
Total	4,145
2022 (Estimated)	855
2023 (Estimated)	1,000
Total	6,000

Due to the improvement in CPO prices, replanting from 2020 were on a selective basis – as low yield field will be replanted & better yield plantation been deferred.

Going forward, the Group will identify areas of low yield and it will be given the priority of replanting in the next 5 – 10 yrs. Presently, PTS has around 1,200 Ha of seedling ready for replanting.

In addition, as at 31 March 2022, the company repurchased 1,138,800 shares through the share buy back.

(iv) What deliberations did the board have in deciding between a share buy back and declaring higher amounts of dividends in its capital management approach?

Company’s reply

Currently, the Group has a good dividend yield. As communicated by the shareholders during the previous years’ AGM, the shareholders have been encouraging the Group to do a share buyback. The Board strive to have a good balance between having sufficient reserves for future investments and growth, returning surplus profits to our shareholders and doing a share buyback.

Global Palm Resources Holdings Limited
Company Registration No. 200921345M
Announcement – Response to Questions from SIAS on Annual Report 2021

Q3. On 25 January 2022, the company announced the resignation of Mr Guok Chin Huat Samuel from independent non-executive director to non-independent non-executive director with effect from 1 January 2022.

Mr Guok was first appointed to the board on 16 March 2010.

Under Rule 210(5)(d)(iii) of the Listing manual of SGX-ST which took effect on 1 January 2022, the director was not considered independent due to his long tenure.

(i) Did the company realise that Mr Guok Chin Huat Samuel would be deemed non-independent under the new SGX rule and resigned him as non-independent director 25 days after the new rule came into effect?

Company's reply

The Company was aware of the new SGX rule and that Mr Guok Chin Huat Samuel would no longer be independent as at 1 January 2022. As such, the Company has resigned him as non-independent director with effect from 1 January 2022. This is evidenced by the disclosure of his impending resignation in the Company's Annual Report for FY2020, the relevant extract of which is attached for your kind attention. The delay of the announcement of his resignation was an inadvertent oversight, and we will take steps to ensure delays in such announcements will not happen again.

With effect from 1 January 2022,

- (a) Rule 210(5)(d) of the Listing Manual of the SGX-ST requires a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director to seek approval in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer ("2-tier voting mechanism").

Accordingly, Mr Yee Kit Hong and Mr M. Rajaram will be required to adhere to the above 2-tier voting mechanism should they wish to seek for re-election as independent director; and

- (b) Rule 210(5)(c) of the Listing Manual of the SGX-ST requires the number of independent directors to comprise at least one-third of the issuer's board. In view that Mr Yee Kit Hong and Mr M. Rajaram would have fulfilled the 2-tier voting mechanism requirement, as at 1 January 2022, only Mr Guok Chin Huat Samuel will no longer be independent.

For the avoidance of doubt, Mr Guok Chin Huat Samuel will be subject to the 2-tier voting mechanism at the next AGM in 2022 for his retirement and re-election as independent director.

(ii) How familiar is the company/company secretary/nominating committee/board with the SGX rules? The nine-year rule on the independence of long tenured directors was first announced in 2018 and companies and boards were given more than 3 years to transition for the new rule to take effect.

Company's reply

The Company, Company Secretary, Nominating Committee and Board are familiar with the SGX rules and in particular, the nine-year rule on the independence of long tenured directors. However, the delay in the announcement of Mr Guok Chin Huat Samuel's redesignation as a non-independent director was a matter of pure oversight and the company will take steps to ensure that this does not happen again.

(iii) Can the company help shareholders recall if it has ever appointed an independent director to the board since its listing? All three non-executive directors on the board were first appointed on 16 March 2010. Mr Rajaram and Mr Yee Kit Hong obtained shareholders' two-tier vote at the last AGM for their continued appointment as independent directors.

Company's reply

The Company has not appointed any other independent director to the Board since listing.

(iv) Can the NC elaborate further on the search and nomination process for directors, especially independent directors? Will the NC be leveraging professional search firms to allow the board to cast its net wider for suitable potential candidates?

At the AGM scheduled to be held on 27 April 2022, the company is seeking the two-tier vote for the continued appointment of Mr Guok Chin Huat Samuel as independent director. If approved, Mr Guok Chin Huat Samuel will be redesignated as independent director.

On 30 November 2021, Mr Tan Boon Gin, chief executive of Singapore Exchange Regulation (SGX RegCo), gave guidance that companies are expected to use the two-tier rule sparingly to promote renewal and succession planning.

Company's reply

The NC will engage a few channels in the search for independent directors, including:

- a) engaging an independent third party HR firm to carry out a search;
- b) tapping into the Board Appointment Services offered by the Singapore Institute of Directors;
and
- c) considering direct referrals or recommendations made to the Company.

Company's reply (continued)

In considering the candidates identified through the processes above, the NC will first have to establish the independence of the candidate, and then consider the experience, expertise and skillset of the candidate, in particular, the value that he/she is able to bring to the Board. This will be done by conducting an independent interview of the candidate, reviewing his/her declaration form and CV, as well as commissioning relevant keyman searches on the candidate.

For candidates that are referred or recommended directly to the Company pursuant to (c) above, the NC will also look into the independence of the referring or recommending party, to ensure that the engagement process of such candidate is free and clear of any undue influence.

Lastly, the NC will also consider gender and age diversities in its efforts to refresh the Board.

(v) Can the NC help shareholders understand if the continued appointments of all three long-tenured independent directors will delay the progressive renewal of the board, especially as all three directors were all appointed on the same day in March 2010?

Company's reply

The re-appointment of the independent directors is subjected to 2-tier voting during AGM as stipulated by SGX.

As and when directors serve beyond nine years, the Nominating Committee ("NC") performs a particularly rigorous review to assess the independence of the relevant directors. The NC and the Board, in its deliberation as to the independence of a director, takes into account examples of relationships as set out in the Code.

The NC has also confirmed that the independent directors are independent, have the abilities and experience to continue to serve the Company. The Board is conscious of the need to have renewal and continuity, but this cannot be traded for quality and market knowledge. In the Board's view, the independent directors have over the years acquired a high degree of domain knowledge on the company's products and market.

(vi) What are the near-term plans to promote renewal and succession planning in view of the guidance from SGX RegCo?

Company's reply

The Group has been continuously promoting the renewal and succession planning over the years and as and when it is necessary. This is evident by the appointment of our COO, Mr Ivan Swandono as well as the recruitment of new and younger personnel. We have successfully carried out the succession of our business development head and estate coordinator.

BY ORDER OF THE BOARD

Dr Tan Hong Kiat @ Suparno Adijanto

Executive Chairman & CEO

26 April 2022