

CIRCULAR DATED 28 OCTOBER 2020

THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Global Palm Resources Holdings Limited (the “Company”). **If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company (the “Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company. The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

This Circular has been made available on the SGX-ST’s website at <http://www.sgx.com> and the Company’s website at <http://www.gprholdings.com>.

Due to the current COVID-19 outbreak in Singapore, Shareholders will not be able to attend the Extraordinary General Meeting (“EGM”) in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the EGM by (a) watching the EGM proceedings via a “live” webcast or listening to the EGM proceedings via a “live” audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM. Please refer to Section 14 of this Circular, the Section “Notes” in the Notice of EGM set out on pages N-1 to N-5 herein and the Company’s announcement dated 28 October 2020 entitled “Extraordinary General Meeting 2020” which has been uploaded together with this Circular on SGXNET for further information including the steps to be taken by Shareholders to participate at the EGM. With the constantly evolving COVID-19 situation, the situation is fluid and the Company may be required to change its EGM arrangements at short notice, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should check the SGX-ST’s website at <http://www.sgx.com> and the Company’s website at <http://www.gprholdings.com> for updates on the EGM.



GLOBAL PALM RESOURCES HOLDINGS LIMITED

(Company Registration Number: 200921345M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED ACQUISITION OF 95% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF PT CEMARU LESTARI

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 10 November 2020 at 1.00 p.m.

Date and time of EGM : 12 November 2020 at 1.00 p.m.

CONTENTS

DEFINITIONS	2
LETTER TO SHAREHOLDERS	10
1. INTRODUCTION	10
2. THE PROPOSED ACQUISITION	12
3. RATIONALE FOR THE PROPOSED ACQUISITION	23
4. SHAREHOLDERS' APPROVAL FOR THE ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES TO RESTRICTED PERSONS UNDER CHAPTER 8 OF THE LISTING MANUAL	25
5. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL	25
6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION	30
7. DIRECTORS' SERVICE CONTRACTS	35
8. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS	36
9. OPINION OF THE IFA	36
10. AUDIT COMMITTEE STATEMENT	38
11. ABSTENTION FROM VOTING	38
12. DIRECTORS' RECOMMENDATIONS	39
13. EXTRAORDINARY GENERAL MEETING	39
14. ACTIONS TO BE TAKEN BY SHAREHOLDERS	39
15. CONSENTS	40
16. DOCUMENTS AVAILABLE FOR INSPECTION	41
17. DIRECTORS' RESPONSIBILITY STATEMENT	42
APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE NON-ABSTAINING DIRECTORS IN RELATION TO THE PROPOSED ACQUISITION	43
APPENDIX B – EXECUTIVE SUMMARY OF VALUATION REPORT	69
APPENDIX C – DIAGRAMMATIC ILLUSTRATION OF THE PROPOSED ACQUISITION	76
NOTICE OF EXTRAORDINARY GENERAL MEETING	N-1
PROXY FORM	P-1

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:–

“1H2020”	:	The six-month financial period ended 30 June 2020
“ABNR”	:	Ali Budiardjo, Nugroho, Reksodiputro
“Acknowledgement Notice”	:	The original acknowledgement of the Notice of Assignment provided by Cemarum in relation to the Assignment
“Adijanto Family Shareholders”	:	The Adijanto Siblings and the following children of certain Adijanto Siblings, namely, Chen Ying Zhong Freddy (son of Tan Hong Phang @ Pandjijono Adijanto), Raymond Adijanto (son of Tan Hung Hwie @ Winoto Adijanto) and Eric Adijanto (son of Tan Hong Pheng @ Pintarso Adijanto)
“Adijanto Siblings”	:	Collectively, Dr Suparno and his siblings: (i) Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto; (ii) Tan Hong Phang @ Pandjijono Adijanto; (iii) Tan Hong Pheng @ Pintarso Adijanto; (iv) Tan Hung Hwie @ Winoto Adijanto; (v) Tan Phe Phe @ Muriati Adijanto; and (vi) Tan Phwe Leng @ Tan Phe Lin @ Mariana Adijanto (each an “Adijanto Sibling”)
“Antje”	:	NY Antje, mother to the Adijanto Siblings
“Asset Valuation Report”	:	The asset valuation report prepared by the Valuer issued and dated on 11 February 2020, in respect of the valuation, as at 31 October 2019, of the assets held by Cemarum
“Assignment”	:	The transfer and assignment of each of the Assignors’ respective rights, title, interest and benefits in the Loans (and all other interest and benefits accruing under the Loans after the date of the Deed of Assignment)
“Assignment Consideration”	:	IDR78,864,194,533 in aggregate (or for illustrative purposes only, approximately S\$7.26 million based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date)
“Assignors”	:	KIPI and EII collectively

DEFINITIONS

“Associate”	:	(a) In relation to an individual, means: (i) his Immediate Family; (ii) the trustees of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and (b) In relation to a company, means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Audit Committee”	:	The audit committee of the Company, from time to time. As at the date of this Circular, the Audit Committee comprises Mr Yee Kit Hong, Mr Murugiah Rajaram and Mr Guok Chin Huat Samuel
“Board of Directors” or “Board”	:	The board of directors of the Company, from time to time
“BRU”	:	PT Bumi Raya Utama, a company incorporated in Indonesia
“BUL”	:	PT Bumisubur Lestiritani, a company incorporated in Indonesia
“Business Day”	:	Any day other than Saturday, Sunday or a public holiday in Singapore or Indonesia
“Call Option”	:	The right under the Call Option Agreement granted by the Cemar Shareholders to the Company, to require the Cemar Shareholders to sell the Call Option Shares to the Company or Option Holder Nominee (as applicable)
“Call Option Agreement”	:	The call option agreement entered into by the Company with the Cemar Shareholders dated 28 December 2009, which terms were subsequently varied by the supplemental letter dated 3 November 2011, the first supplemental agreement dated 10 November 2011 and the second supplemental agreement dated 28 April 2020
“Call Option Shares”	:	The paid-up and issued ordinary shares subject of the Call Option which constitute 95.0% of the total paid-up and issued share capital of Cemar

DEFINITIONS

“CDP”	:	The Central Depository (Pte) Limited, a company incorporated in Indonesia
“Cemaru”	:	PT Cemaru Lestari
“Cemaru Auditor”	:	Y. Santosa dan Rekan
“Cemaru Shareholders”	:	KIPI, BRU and BUL collectively
“Circular”	:	This circular to Shareholders dated 28 October 2020
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Global Palm Resources Holdings Limited
“Completion”	:	Completion of the Proposed Acquisition
“Completion Date”	:	The date falling ten (10) Business Days after approval from Shareholders in a general meeting has been obtained for, <i>inter alia</i> , the exercise of the Call Option
“Completion Obligations”	:	The Completion obligations in respect of the Call Option Agreement as set out in Section 2.4(c)(ii) of this Circular
“Conditions Precedent”	:	The conditions precedent in respect of the Deed of Assignment as set out in Section 2.5(b) of this Circular
“Consideration”	:	The aggregate consideration for the sale of the Call Option Shares and Assignment of the Loans to GPRPL pursuant to the Call Option Agreement and Deed of Assignment respectively, being IDR198,648,744,533 (or for illustrative purposes only, approximately S\$18.29 million based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date)
“Consideration Shares”	:	The 55,155,976 new Shares in the share capital of the Company to be allotted and issued at an issue price of S\$0.20 per Share, based on the agreed exchange rate of 1 SGD : 10,858.71 IDR, free from all encumbrances and credited as fully-paid to the Cemaru Shareholders, in such proportion corresponding to the Call Option Shares held by the Cemaru Shareholders, in satisfaction of the consideration for the Call Option Shares
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time

DEFINITIONS

“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company
“COVID-19 Order”	:	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, modified or supplemented from time to time
“CPF”	:	The Central Provident Fund
“CPO”	:	Crude palm oil
“Deed of Assignment”	:	The deed of assignment dated 28 April 2020 entered into between GPRPL and the Assignors for the Assignment of Loans due and outstanding from Cemaruru to the Assignors, to GPRPL
“Deed of Indemnity”	:	The deed of indemnity dated 28 April 2020 executed by the Cemaruru Shareholders in favour of the Company for the purposes of, amongst others, indemnifying the Company and the Option Holder Nominee for any losses, liabilities or damages arising from, <i>inter alia</i> , any breach of any representations and warranties contained therein and the findings from the due diligence undertaken on Cemaruru
“Director” or “Directors”	:	A director or directors of the Company, from time to time
“Dr Suparno”	:	Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and Chief Executive Officer of the Company
“EGM”	:	The extraordinary general meeting of the Company to be held on 12 November 2020 at 1.00 p.m. by electronic means, notice of which is set out on pages N-1 to N-5 of this Circular
“EII”	:	Explorer Investments Inc, a company incorporated in the Republic of Panama
“FFB”	:	Fresh fruit bunches
“FY”	:	The financial year commenced or, as the case may be, commencing, on 1 January and ended, or as the case may be, ending on 31 December
“FY2017 (Cemaruru)”	:	Cemaruru’s financial year ended 31 December 2017

DEFINITIONS

“FY2018 (Cemaru)”	:	Cemaru’s financial year ended 31 December 2018
“FY2019 (Cemaru)”	:	Cemaru’s financial year ended 31 December 2019
“GPRPL”	:	Global Palm Resources Private Limited (Singapore Company Registration Number: 200614872K), a wholly-owned subsidiary of the Company
“Group”	:	The Company and its subsidiaries
“Ha”	:	Hectares
“HBU”	:	Highest and best use
“HGU”	:	Right on land which allows Cemaru to exploit, use, or cultivate the land covered by such right (<i>hak guna usaha</i>)
“IDR”	:	Indonesian Rupiah, the lawful currency of Indonesia
“IFA”	:	Zico Capital Pte. Ltd., the independent financial adviser to the Non-Abstaining Directors in relation to the Proposed Acquisition as an interested person transaction
“IFA Letter”	:	The letter dated 28 October 2020 from the IFA to the Non-Abstaining Directors in relation to the Proposed Acquisition, as set out in Appendix A
“Immediate Family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Shareholders”	:	Shareholders other than Dr Suparno, the Adijanto Siblings, the Cemaru Shareholders, the Assignors and each of their Associates
“Indonesia”	:	The Republic of Indonesia
“Indonesian Financial Accounting Standards”	:	The Indonesian generally accepted accounting practices (<i>Penyataan Standar Akuntansi Keuangan</i>)
“IPO”	:	The initial public offering of the Company
“KIPI”	:	PT Ketapang Indah Plywood Industries, a company incorporated in Indonesia
“KIWI”	:	PT Khatulistiwa Indah Wood Industries, a company incorporated in Indonesia
“Latest Practicable Date”	:	The latest practicable date prior to the despatch of this Circular, being 9 October 2020

DEFINITIONS

“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Loans”	:	Loans amounting in aggregate to IDR78,864,194,533 (or for illustrative purposes only, approximately S\$7.26 million based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date) due and outstanding from Cemarum to the Assignors
“Mr Swandono”	:	Ivan Swandono, the Chief Operating Officer and Director of the Company
“NAV”	:	Net asset value
“Non-Abstaining Directors”	:	Mr Yee Kit Hong, Mr Murugiah Rajaram and Mr Guok Chin Huat Samuel, who are independent Directors of the Company
“Notice of Assignment”	:	Notice of assignment of the Loan to be delivered by the Assignors to Cemarum pursuant to the Deed of Assignment
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-5 of this Circular
“NTA”	:	Net tangible assets
“Option Holder Nominee”	:	Such entity as notified by the Company to the Cemarum Shareholders in writing, to be its nominee under the Call Option Agreement for acquisition of the Call Option Shares pursuant thereto
“Ordinary Resolutions”	:	The ordinary resolutions to be passed by Shareholders at the EGM as set out in the Notice of EGM
“PT”	:	Indonesia limited liability company (<i>perseroan terbatas</i>)
“Pre-Conditions”	:	The pre-conditions to be fulfilled prior to the exercise of the Call Option as set out in Section 2.4(c)(i) of this Circular
“Proposed Acquisition”	:	The Assignment of the Loans and acquisition of the Call Option Shares
“Prospectus”	:	The Company’s prospectus dated 21 April 2010
“Proxy Form”	:	The proxy form in respect of the EGM as set out on pages P-1 to P-2 of this Circular
“Register of Members”	:	The register of members of the Company
“RSM Indonesia”	:	PT RSM Indonesia Mitradana

DEFINITIONS

“Securities Account”	:	A securities account maintained by a Depositor with CDP
“Securities and Futures Act”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“SFRS(I)”	:	The Singapore Financial Reporting Standards (International)
“SGXNET”	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“SIBOR”	:	Singapore Interbank Offered Rate
“Singapore”	:	The Republic of Singapore
“SRS”	:	Supplementary Retirement Scheme
“Supplemental Agreements”	:	In relation to the Call Option Agreement, means collectively the supplemental letter dated 3 November 2011, the first supplemental agreement dated 10 November 2011 and the second supplemental agreement dated 28 April 2020
“Transaction Documents”	:	The Call Option Agreement and Deed of Assignment collectively
“Valuation Report”	:	The business valuation report prepared by the Valuer, issued and dated on 11 February 2020 in respect of the valuation, as at 31 October 2019, of the shares in Cemaru
“Valuer”	:	KJPP Doli Siregar dan Rekan
“VWAP”	:	Volume weighted average price, meaning the price derived from the total value of transactions in the Shares of the Company (for each transaction, the price multiplied by volume) for that market day divided by the volume transacted for that market day

DEFINITIONS

“S\$”, “SGD” and “Cents”	:	Singapore dollars and cents, respectively
“US\$” and “USD”	:	United States dollars
“%” or “per cent”	:	Percentage or per centum

In this Circular:

- (a) The terms “**Depositor**”, “**Depository Register**”, and “**Depository Agent**” shall have the meanings ascribed to them respectively in section 81SF of the Securities and Futures Act.
- (b) The terms “**subsidiary**”, “**treasury share**”, “**related company**”, and “**substantial Shareholder**” shall have the meanings ascribed to them respectively in the Companies Act.
- (c) The term “**subsidiary holdings**” shall have the meaning ascribed to it in the Listing Manual.
- (d) Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- (e) References to persons shall include corporations.
- (f) Unless otherwise provided, references to Sections are to sections of this Circular.
- (g) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (h) Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, Securities and Futures Act, Listing Manual, or any statutory modification thereof and used in this Circular shall, unless otherwise defined in this Circular, have the same meaning assigned to it under the Companies Act, Securities and Futures Act, Listing Manual, or any statutory modification thereof, as the case may be.
- (i) Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.
- (j) Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

GLOBAL PALM RESOURCES HOLDINGS LIMITED

(Company Registration Number: 200921345M)

(Incorporated in the Republic of Singapore)

Board of Directors:

Dr Tan Hong Kiat @ Suparno Adijanto (*Executive Chairman and Chief Executive Officer*) ("**Dr Suparno**")
Ivan Swandono (*Chief Operating Officer*) ("**Mr Swandono**")
Yee Kit Hong (*Lead Independent and Non-Executive Director*)
Murugiah Rajaram (*Independent and Non-Executive Director*)
Guok Chin Huat Samuel (*Independent and Non-Executive Director*)

Registered Office:

105 Cecil Street
#24-01 The Octagon
Singapore 069534

28 October 2020

To: The Shareholders of Global Palm Resources Holdings Limited

Dear Sir/Madam

THE PROPOSED ACQUISITION OF 95% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF PT CEMARU LESTARI

1. INTRODUCTION

- 1.1. The Company had entered into the Call Option Agreement with the Cemarum Shareholders on 28 December 2009, which terms were subsequently varied by the supplemental letter dated 3 November 2011, the first supplemental agreement dated 10 November 2011 and the second supplemental agreement dated 28 April 2020.
- 1.2. Under the Call Option Agreement, each of the Cemarum Shareholders had granted a Call Option to the Company, which would require the Cemarum Shareholders to sell the Call Option Shares to the Company or Option Holder Nominee. Due to foreign ownership restrictions in Indonesia which limit the ownership of Cemarum by non-Indonesian entities to 95.0%, KIPRI will continue to own 5.0% of the total issued share capital of Cemarum post-Completion.
- 1.3. In relation to the Proposed Acquisition, the Company had, amongst others:
 - (a) commissioned Indonesia legal counsel ABNR to undertake legal due diligence on Cemarum. ABNR is currently the largest independent full-service law firm in Indonesia and one of the country's top three law firms by headcount. It has advised multiple foreign companies looking to invest in or divest from Indonesia, including acquisition and divestment of palm oil plantations;
 - (b) commissioned external professional, RSM Indonesia to undertake financial and tax due diligence on Cemarum. First established in 1985, RSM Indonesia is part of one of the largest global audit, tax and consulting networks in the world – the RSM global network. RSM Indonesia has experience conducting financial and tax due diligence on oil palm plantation companies located in various parts of Indonesia for a number of Indonesia-based companies;

LETTER TO SHAREHOLDERS

- (c) commissioned the Valuer to undertake a valuation of the shares in Cemarum as at 31 October 2019, and issue the Valuation Report in relation thereto. The Valuer has a team of valuers who have obtained the public appraisal licence issued by the Ministry of Finance (*Surat Izin Usaha Kantor Jasa Penilai Publik*) of Indonesia. The Valuer has over 35 years of experience and has been a valuer in Indonesia for companies listed on the Indonesia Stock Exchange, such as PT Sampoerna Tbk and multinational companies such as the Salim group, Sinar Mas group, Lippo group, Caltex, Nestle and Unilever. Additionally, the Valuer has a track record for and is highly experienced in conducting valuations of oil palm plantations, having valued at least 96 oil palm plantation projects within the past 10 years. In this regard, the team leader who was assigned by the Valuer to produce the Valuation Report has been an active member of the Indonesian Society of Appraisers (*Masyarakat Profesi Penilai Indonesia*) since 2012. The Indonesian Society of Appraisers is a member of the International Valuation Standards Council. The Valuation Report takes into account the value of the assets held by Cemarum as at 31 October 2019 (as set out in the Asset Valuation Report), and was prepared in accordance with the guidelines of the Indonesian Valuation Standard (SPI 2018 – Edition VII) and the Indonesian Valuation Code of Ethics (*Kode Etik Penilai Indonesia*). The Indonesian Valuation Standard (SPI 2018 – Edition VII) is aligned with the International Valuation Standards 2017 published by the International Valuation Standards Council, but adapted in accordance with the needs and conditions of valuations in Indonesia. Based on the Valuation Report, the value of the ordinary shares constituting 100.0% of the total issued share capital of Cemarum is IDR126,089,000,000 (or for illustrative purposes only, approximately S\$11.61 million¹), while the value of the Call Option Shares is IDR119,784,550,000 (or for illustrative purposes only, approximately S\$11.03 million²); and
- (d) appointed Dentons Rodyk & Davidson LLP as legal adviser to the Company as to Singapore law in respect of the Proposed Acquisition.
- 1.4. As announced by the Company on 28 April 2020, the Company had, in accordance with the terms of the Call Option Agreement, exercised the Call Option on 28 April 2020 for the acquisition of the Call Option Shares by its wholly-owned subsidiary, GPRPL, for a total consideration of IDR119,784,550,000 (or for illustrative purposes only, approximately S\$11.03 million³) based on the valuation of the Call Option Shares pursuant to the Valuation Report.
- 1.5. In connection therewith and as an integral part of the exercise of the Call Option and the acquisition of the Call Option Shares, GPRPL had entered into the Deed of Assignment with the Assignors for the Assignment of Loans to GPRPL, in consideration of the payment by GPRPL of the Assignment Consideration to the Assignors.
- 1.6. The completion of the Assignment of the Loans is conditional on, amongst others, the completion of the acquisition of the Call Option Shares. Completion is subject to the approval of the Shareholders being obtained at the EGM to be convened. Post-Completion of the Proposed Acquisition, Cemarum will be converted to a company with foreign investment status and Cemarum will, through GPRPL, become a 95%-owned subsidiary of the Company.

1 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

2 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

3 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

- 1.7. The Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual as the Cemarum Shareholders and EII who are the counterparties to the Proposed Acquisition are (a) Associates of the Executive Chairman and Chief Executive Officer of the Company, Dr Tan Hong Kiat @ Suparno Adijanto, and (b) controlled by the Adijanto Siblings (whether directly or indirectly), and accordingly are each considered an interested person. Accordingly, the Proposed Acquisition is subject to the approval of the Shareholders being obtained at the EGM to be convened. Further details are set out in Section 5 of this Circular.
- 1.8. Shareholders should read this Circular and the IFA Letter to the Non-Abstaining Directors in Appendix A carefully, and consider the recommendations of the Non-Abstaining Directors in Section 12, and the opinion of the IFA in Section 9, in respect of the Proposed Acquisition.
- 1.9. As certain relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual exceed 20%, the Proposed Acquisition also constitutes a “major transaction” under Chapter 10 of the Listing Manual and will similarly require the approval of the Shareholders being obtained at the EGM. Accordingly, the Board of Directors is convening the EGM to seek Shareholders’ approval for the Proposed Acquisition. Further details on the aforementioned relative figures and the financial effects of the Proposed Acquisition are set out in Section 6 of this Circular. The salient terms of the Call Option Agreement are set out in Section 2.4 of this Circular, while the salient terms of the Deed of Assignment are set out in Section 2.5 of this Circular.
- 1.10. As the Proposed Acquisition would also involve the allotment and issuance of Consideration Shares to restricted persons, specific Shareholders’ approval for such allotment and issuance will also need to be obtained at the EGM. Please refer to Section 4 of this Circular for further details.
- 1.11. The purpose of this Circular is to provide the Shareholders with relevant information pertaining to the Proposed Acquisition, which will be tabled at the EGM to be held by electronic means on 12 November 2020 at 1.00 p.m.. The Notice of EGM is set out on pages N-1 to N-5 of this Circular.
- 1.12. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements made or opinions expressed or reports contained in this Circular.

2. THE PROPOSED ACQUISITION

2.1. Information on the Cemarum Shareholders and Assignors

- (a) KIPI (Indonesia Company Registration No. 8120315131755) is a company incorporated in Indonesia on 20 June 1979 and its principal business is that of a real estate company. As at the Latest Practicable Date, it holds 99.92% of the total issued share capital of Cemarum, and 99.92% of the Call Option Shares. The debt owed by Cemarum to KIPI is IDR47,171,739,808 (for illustrative purposes only, approximately S\$4.34 million⁴).

4 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

- (b) BRU (Indonesia Company Registration No. 8120117011267) is a company incorporated in Indonesia on 30 July 1992 and its principal business is that of an investment holding company. As at the Latest Practicable Date, it holds 0.04% of the total issued share capital of Cemarum and 0.04% of the Call Option Shares.
- (c) BUL (Indonesia Company Registration No. 8120114252115) is a company incorporated in Indonesia on 15 April 1987 and its principal business is that of an industrial forest plantation company. As at the Latest Practicable Date, it holds 0.04% of the total issued share capital of Cemarum and 0.04% of the Call Option Shares.
- (d) EII (Filing card 235371, Reel 29892, Frame 106) is a company incorporated in the Republic of Panama by means of Public Deed No. 8,875 dated 6 July 1990 of the Third Notary Public of the Circuit of Panama and its principal business is that of an investment holding company. The debt owed by Cemarum to EII is US\$427,000 and S\$2,495,628, and based on the fixed exchange rates agreed upon between Cemarum and EII, the aggregate debt owed by Cemarum to EII in IDR is IDR31,692,454,725 (for illustrative purposes only, approximately S\$2.92 million⁵).
- (e) As at the Latest Practicable Date, the Cemarum Shareholders are the only shareholders of Cemarum. Each of the Cemarum Shareholders are controlled by the companies controlled by the Adjianto Siblings (comprising the Executive Chairman and Chief Executive Officer of the Company, Dr Tan Hong Kiat @ Suparno Adjianto, and his siblings who would be his Immediate Family). Accordingly, the Cemarum Shareholders are considered “associates” (as defined under the Listing Manual) of Dr Suparno and are considered “interested persons” for the purposes of the Proposed Acquisition. Please refer to Section 5 of this Circular for further details on the shareholders and directors of each of the Cemarum Shareholders, and to Appendix C of this Circular for a diagrammatic illustration of the Proposed Acquisition, which includes the shareholding in Cemarum.
- (f) As disclosed in Section 5, each of KIPi and EII is controlled by the companies controlled by the Adjianto Siblings, and would be considered “associates” of the Executive Chairman and Chief Executive Officer of the Company, Dr Suparno. Accordingly, each of KIPi and EII is considered an “interested person” for the purposes of the Proposed Acquisition. Please refer to Section 5 of this Circular for further details on the shareholders and directors of each of the Assignors, and to Appendix C of this Circular for a diagrammatic illustration of the Proposed Acquisition.

2.2. Information on Cemarum

Cemarum engages in the business of palm oil plantation and establishing the industrial manufacturing factories of CPO. The Executive Chairman and Chief Executive Officer of the Company, Dr Suparno, is the President Commissioner⁶ of Cemarum, while the Chief Operating Officer and Director of the Company, Mr Swandono, is the President Director⁷ of

⁵ Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

⁶ Under Indonesia laws, it is mandatory for every Indonesia limited liability company (*perseroan terbatas*, or abbreviated as “PT”) to have a board of directors (*direksi*) and a board of commissioners (*dewan komisaris*). The board of commissioners collectively supervises the management of the company, providing input concerning policies drawn up by the board of directors, and continuously monitors the effectiveness of the company’s policies. The President Commissioner leads and sets the agenda for the meeting of the board of commissioners.

⁷ Under Indonesia laws, the board of directors (*direksi*) has the authority and responsibility for management of the company. The board of directors will have to act in the best interest of the company and within the confines of the objectives and purposes of the company, in accordance with the company’s articles of association. Unless otherwise regulated in the articles of association of the company, the President Director is entitled and authorised to act for and on behalf of the board of directors and to represent the company, save that for certain matters, such power is subject to shareholders’ approval or approval by the board of commissioners.

LETTER TO SHAREHOLDERS

Cemaru. Cemaru holds a right on land which allows Cemaru to exploit, use, or cultivate the land covered by such right (HGU), comprising an aggregate of approximately 5,617.60 Ha of oil palm plantation land of which 2,287.26 Ha has been planted, 897.74 Ha has been divested (i.e. the land had been set aside for local farmers to exploit, use or cultivate the land, even though the HGU has not been legally handed over to local farmers) as part of the Indonesian government-initiated plasma programme⁸, and 1,957.34 Ha remains uncultivated.

Pursuant to the Valuation Report, the following table shows Cemaru's land development carried on as at 31 October 2019:

No.	Description		Total
	Total	Ha	5,617.60
(a)	Area in operation		
	(i) Planting area		
	(A) Immature plants (<i>Tanaman Belum Menghasilkan</i>)	Ha	–
	(B) Mature plants (<i>Tanaman Menghasilkan</i>)	Ha	2,287.26
	(ii) Nursery	Ha	–
	(iii) Infrastructure		
	(A) Road	Ha	87.00
	(B) Drainage channel	Ha	56.76
	(C) Emplacement	Ha	15.00
	(iv) Plasma	Ha	897.74
(b)	Area might be planted		
	(i) Reserve	Ha	1,957.34
(c)	Uncultivated area		
	(i) Conservation area	Ha	316.50
	(ii) Deep swamps	Ha	–
	(iii) Occupation	Ha	–
	Total	Ha	5,617.60

⁸ The plasma programme was initiated pursuant to the Indonesian government's policy of encouraging partnerships between big plantation companies and their respective surrounding communities. This involved the development of new plantations by oil palm plantation companies that will then be divested to and operated by local farmers (or small landholders).

LETTER TO SHAREHOLDERS

2.3. Operating results, financial and cash flow position of Cemar

- (a) Based on the audited financial statements of Cemar for FY2019 (Cemar), the audited financial statements of Cemar for FY2018 (Cemar), and the audited financial statements of Cemar for FY2017 (Cemar), which have been prepared in accordance with the Indonesian Financial Accounting Standards, a summary of the financial statements for the last three available financial years of Cemar is set out below. The financial statements for FY2017 (Cemar) and FY2018 (Cemar) were audited by the Cemar Auditor. The Cemar Auditor has a team of certified public accountants in Indonesia and is a trusted member firm of the not-for-profit alliance of independent accountancy and audit firms, Praxity Global Alliance. The Cemar Auditor has partners with over 20 years of experience in the provision of audit and assurance services. The signing partner for the Cemar Auditor has qualifications as a certified public accountant of Indonesia, which was issued by the Indonesian Institute of Certified Public Accounts (*Institut Akuntan Publik Indonesia*), chartered accountant, which was issued by the Indonesian Institute of Accountants (*Ikatan Akuntan Indonesia*), a member of the International Federation of Accountants, and ASEAN certified public accountant, which was issued by the ASEAN Chartered Professional Accountants Coordinating Committee.

Review of operating results

	Audited FY2017 (Cemar) IDR	Audited FY2018 (Cemar) IDR	Audited FY2019 (Cemar) IDR
Net Sales	14,216,076,553	22,002,620,260	24,602,493,161
Cost of Goods Sold (COGS)	11,229,895,661	27,020,643,526	30,510,901,814
Gross Profit/(Loss)	2,986,180,892	(5,018,023,266)	(5,908,408,653)
Operating Expenses	(2,627,728,513)	(3,164,680,765)	(6,139,331,287)
Operating Profit/(Loss)	358,452,379	(8,182,704,031)	(12,047,739,940)
Other Income/(Charges)	(2,945,917,487)	(7,346,147,368)	5,502,870,770
Profit/(Loss) before income tax	(2,587,465,108)	(15,528,851,399)	(6,544,869,170)
Income Tax Expense	(434,507,232)	(521,079,145)	(878,512,906)
Net Profit/(Loss) After Tax	(3,021,972,340)	(16,049,930,544)	(7,423,382,076)

LETTER TO SHAREHOLDERS

(b) Net sales

Net sales increased by 54.8%, from IDR14,216,076,553 in FY2017 to IDR22,002,620,260 in FY2018, mainly due to an increase in volume of the FFB sold, which was partially offset by a decrease in the average FFB selling prices in FY2018. Net sales further increased by 11.8%, to IDR24,602,493,161 in FY2019, mainly due to an increase in volume of FFB sold which was partially offset by a decrease in the average FFB selling prices in FY2019.

(c) Cost of goods sold

Cost of goods sold increased by 140.6%, from IDR11,229,895,661 in FY2017 to IDR27,020,643,526 in FY2018, mainly due to an increase in direct labor and production cost. Cost of goods sold further increased by 12.9% to IDR30,510,901,814 in FY2019, which was generally in line with the increase in sales for the same period.

(d) Gross profit/(loss)

Cemaru recorded a gross profit in FY2017 and gross losses in FY2018 and in FY2019, mainly due to decline in average FFB selling prices.

(e) Operating expenses

Operating expenses increased by 20.4%, from IDR2,627,728,513 in FY2017 to IDR3,164,680,765 in FY2018, mainly due to increased selling expenses. Operating expenses further increased by 94.0% to IDR6,139,331,287 in FY2019, mainly due to an increase in selling expenses as well as general and administration expenses.

(f) Operating profit/(loss)

As a result of the foregoing, Cemaru recorded an operating profit in FY2017, and operating losses in FY2018 and FY2019.

(g) Other income/(charges)

Other charges increased by 149.4% from IDR2,945,917,487 in FY2017 to IDR7,346,147,368 in FY2018, mainly due to foreign exchange losses. Foreign exchange loss of IDR2,971,096,444 and IDR6,168,449,871 were recorded for FY2017 and FY2018 respectively, mainly due to the depreciation of the IDR against SGD and USD in respect of related party payables.

Cemaru recorded other income amounting to IDR5,502,870,770 in FY2019, mainly due to gain on biological assets and foreign exchange. Cemaru recognised a gain of IDR2,592,700,000 on its biological assets, following an appraisal by the Valuer which determined that the fair value was higher than the book value, mainly due to higher yield (from 1,574,845 kg in FY2018 to 2,458,380 kg in FY2019) and higher FFB prices. The valuation was determined in accordance with the Indonesian Valuation Standard (SPI 2018 – Edition VII) and the Indonesian Valuation Code of Ethics (*Kode Etik Penilai Indonesia*). Foreign exchange gain of IDR2,911,841,591 was recorded for FY2019, mainly due to the appreciation of IDR against SGD and USD in respect of related party payables.

LETTER TO SHAREHOLDERS

(h) Loss before income tax

As a result of the foregoing, Cemaruru recorded losses before income tax from FY2017 to FY2019.

(i) Review of financial position

	Audited FY2017 (Cemaru) IDR	Audited FY2018 (Cemaru) IDR	Audited FY2019 (Cemaru) IDR
Current Assets	4,767,633,737	12,053,482,598	13,411,312,182
Non-Current Assets	141,037,233,744	136,656,216,482	130,837,640,055
Current Liabilities	946,854,041	6,384,686,532	2,801,718,806
Non-Current Liabilities	145,034,315,614	158,242,358,806	84,917,358,773
Net assets/(liabilities)	(176,302,174)	(15,917,346,258)	56,529,874,658
Working capital	3,820,779,696	5,668,796,066	10,609,593,376

(j) Net assets

Cemaru recorded net liabilities as at 31 December 2017 and 31 December 2018 mainly due to losses from its operations. However, it recorded a positive net asset position as at 31 December 2019 with the capitalisation of shareholders' loans amounting to IDR80,000,000,000 (for illustrative purposes only, approximately S\$7.37 million⁹) into the share capital of Cemaruru. There were no intangible assets recorded in the balance sheet.

(k) Emphasis of matter

In respect of the audited financial statements for FY2017 (Cemaru) and FY2018 (Cemaru), the Cemaruru Auditor had issued an emphasis of matter that "...the Company has incurred capital deficiency and negative cash flow from operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company ability to continue as a going concern."

In respect of the audited financial statements for FY2019 (Cemaru), the Cemaruru Auditor had issued an emphasis of matter that "...the Company has incurred recurring losses and negative cash flow from operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company ability to continue as a going concern. Other than that, the Company may be affected by the outbreak of Corona Virus Disease 2019 (COVID-19) which was declared a global pandemic since March 2020. The accompanying financial statement do not include any adjustments of the condition if any. Our opinion is not modified in respect to this matter."

Notwithstanding the aforementioned, the Cemaruru Auditor had not qualified their opinion in respect of the aforementioned audited financial statements. Please refer to Section 3 for the Company's consideration of this.

⁹ Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

(l) Net cash flow

	Audited FY2017 (Cemaru) IDR	Audited FY2018 (Cemaru) IDR	Audited FY2019 (Cemaru) IDR
Net Cash Flows Provided by/(Used in) Operating Activities	3,089,440,121	(5,725,750,318)	(1,821,166,688)
Net Cash Flows Provided by/(Used in) Investing Activities	(11,308,975,621)	(2,885,575,492)	(92,100,000)
Net Cash Flows Provided by/(Used in) Financing Activities	9,095,364,580	6,477,194,545	3,232,851,831
Net Increase/(Decrease) In Cash and Cash Equivalents	875,829,080	(2,134,131,265)	1,319,585,143
Cash and Cash Equivalents at beginning of year	1,451,127,839	2,326,956,919	192,825,654
Cash and Cash Equivalents at end of year	2,326,956,919	192,825,654	1,512,410,797

2.4. **Salient terms of the Call Option Agreement**

(a) **Grant of Call Option**

Pursuant to the Call Option Agreement, the Cemaru Shareholders had granted the Company a Call Option which could be exercised over the Call Option Shares anytime from 28 December 2009. The Call Option will expire upon the Company ceasing to be listed on the SGX-ST. Such Call Option Shares constitute 95.0% of the total issued and paid-up share capital of Cemaru.

(b) **Consideration and payment terms**

The consideration for the Call Option Shares shall be fully satisfied on Completion by the allotment and issuance of the Consideration Shares, being the 55,155,976 new Shares in the share capital of the Company to be allotted and issued at an issue price of S\$0.20 per Share, based on the agreed exchange rate of 1 SGD : 10,858.71 IDR, free from all encumbrances and credited as fully-paid to the Cemaru Shareholders, in such proportion corresponding to the Call Option Shares held by the Cemaru Shareholders.

LETTER TO SHAREHOLDERS

(c) **Other material terms of the Call Option Agreement**

Other material terms of the Call Option Agreement are as follows:

(i) **Call Option Pre-Conditions**

The Pre-Conditions are conditions to be fulfilled prior to exercise of the Call Option, which are as follows:

- (A) receipt by Cemarum of the approval of the shareholders of Cemarum in a general meeting for the transfer of Call Option Shares and waiver of pre-emptive rights, if any;
- (B) receipt by Cemarum of the approval from the Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*) of the Republic of Indonesia for the conversion of Cemarum to a company with foreign investment status (*Penanaman Modal Asing*);
- (C) receipt by Cemarum of the approval and/or acknowledgement of the notification from the Minister of Law and Human Rights of the Republic of Indonesia for the amendments (if any) to the relevant articles of the articles of association of Cemarum in connection with the conversion of Cemarum to a company with foreign investment status (*Penanaman Modal Asing*); and
- (D) receipt by Cemarum of any other approval which the Company deems necessary after the conduct of legal and financial due diligence on Cemarum.

Pre-Conditions (A) and (D) have been fulfilled by Cemarum prior to the exercise of the Call Option. Pre-Conditions (B) and (C) have been waived by the Company prior to the exercise of the Call Option because legislative changes in Indonesia have resulted in Pre-Condition (C) only being capable of being obtained post-Completion and Pre-Condition (B) no longer being issued or required. Instead, Pre-Condition (C) will now be an obligation to be fulfilled after Completion. Please refer to Section 2.4(d)(iv) below.

(ii) **Completion Obligations on Completion Date**

Completion of the sale and purchase of Call Option Shares pursuant to the exercise of the Call Option will take place on the Completion Date and is conditional upon approval of the Shareholders in general meeting. The Completion obligations on the Completion Date are as follows:

- (A) execution by the Cemarum Shareholders and the Company or Option Holder Nominee of a deed of transfer in respect of the transfer of such Call Option Shares;
- (B) execution of the Deed of Assignment;

LETTER TO SHAREHOLDERS

- (C) delivery by the Cemaruru Shareholders to the Company or Option Holder Nominee (as applicable) of the following:
 - (1) certified true and correct copy of the shareholders' register of Cemaruru reflecting the transfer of such Call Option Shares to the Company or Option Holder Nominee (as applicable);
 - (2) the collective share certificate in respect of all the shares in the capital of Cemaruru (including such Call Option Shares) held by the Company or Option Holder Nominee (as applicable) in its name; and
 - (3) the executed Deed of Indemnity;
- (D) delivery by the Assignors to Cemaruru and/or the Company or Option Holder Nominee (as applicable) of the following:
 - (1) Notice of Assignment; and
 - (2) Acknowledgement Notice; and
- (E) only on receipt of the documents mentioned in Section 2.4(c)(ii)(A) to (D) above will the Company satisfy the consideration for the Call Option Shares.

(d) **Salient terms varied by the Supplemental Agreements:**

Pursuant to the Supplemental Agreements, salient terms varied include *inter alia*:

- (i) clarification that the Completion of the exercise of the Call Option is conditional upon the approval of Shareholders of the Company being obtained;
- (ii) the valuation of the Call Option Shares shall exclude plantation land legally owned by Cemaruru that is to be divested pursuant to the Indonesian government-initiated plasma programme which was described and disclosed in the Prospectus under the section therein entitled "*Plasma Programme*";
- (iii) consideration for the Call Option Shares is to be satisfied by way of issuance of Consideration Shares to the Cemaruru Shareholders, other than solely by cash; and
- (iv) additional obligations to be fulfilled by Cemaruru Shareholders post-Completion were added arising from legislative amendments in Indonesia. Cemaruru Shareholders are required to procure that Cemaruru:
 - (A) carry out, through an Indonesian notary public, the notification to the Minister of Law and Human Rights of Indonesia on the transfer of Call Option Shares and the amendment to the articles of association of Cemaruru in relation to the change of status of Cemaruru to a foreign investment company;

LETTER TO SHAREHOLDERS

- (B) update the status of Cemaruru to a foreign investment company on the system of *Online Single Submission* of Indonesia (OSS), evidenced by the updated version of its *Nomor Induk Berusaha* and provide the screenshot from the OSS showing (1) the change of status of Cemaruru to a foreign investment company; and (2) latest shareholding composition of shareholders in Cemaruru post-acquisition;
- (C) provide the certified true and correct copy of deed of statement of general meeting of shareholders of Cemaruru approving the exercise of the Call Option, the transfer of shares, and conversion of Cemaruru to a foreign investment company; and
- (D) announce the Completion in a daily newspaper in Indonesia.

2.5. Salient terms of the Deed of Assignment

(a) Assignment and transfer of Loans

Subject to satisfaction of the Conditions Precedent, in consideration of the payment of the Assignment Consideration, each of the Assignors as legal and beneficial owner grants the Assignment to GPRPL free of all encumbrances on Completion Date on the terms and conditions contained in the Deed of Assignment. As at the date of the Deed of Assignment, the Assignors have Loans due and outstanding from Cemaruru amounting in aggregate to IDR78,864,194,533.

(b) Conditions Precedent

The Assignment is conditional upon the following Conditions Precedent being fulfilled (or waived by GPRPL in its sole and absolute discretion) on Completion Date:

- (i) the delivery by the Assignors of the Notice of Assignment to Cemaruru and a certified true and correct copy of the same to GPRPL;
- (ii) the delivery by the Assignors, or procuring of the delivery of the Acknowledgement Notice from Cemaruru to GPRPL; and
- (iii) completion of the exercise of the Call Option pursuant to the Call Option Agreement.

(c) Payment of Assignment Consideration

Payment of the Assignment Consideration by GPRPL to the Assignors on Completion Date is subject to the satisfaction of the Conditions Precedent and delivery of all original loan agreements in respect of the Loans to GPRPL. The Assignment Consideration will be fully settled in cash by way of telegraphic transfer to each Assignor on Completion pursuant to the Deed of Assignment.

(d) Loans to be assigned

- (i) The debt owed by Cemaruru to KIPi is IDR47,171,739,808, and IDR47,171,739,808 of the Assignment Consideration will be paid by GPRPL to KIPi for the assignment of such loans to GPRPL.

LETTER TO SHAREHOLDERS

- (ii) The debt owed by Cemaruru to EII is US\$427,000 and S\$2,495,628. Based on the agreed exchange rates pursuant to the Deed of Assignment of 1 USD : 13,901 IDR, and 1 SGD : 10,320.74 IDR, IDR31,692,454,725 of the Assignment Consideration will be paid by GPRPL to EII for the assignment of such loans to GPRPL.

2.6. Determination of Consideration

The Consideration for the Proposed Acquisition pursuant to the Call Option Agreement and Deed of Assignment is IDR198,648,744,533 (or for illustrative purposes only, approximately S\$18.29 million¹⁰).

The consideration of IDR119,784,550,000 (or for illustrative purposes only, approximately S\$11.03 million¹¹) for the acquisition of the Call Option Shares was arrived at on the basis of the Valuation Report, an executive summary of which is attached as Appendix B hereto, and will be satisfied through the allotment and issuance of 55,155,976 Consideration Shares at an issue price of S\$0.20 per Consideration Share. The exchange rate used to ascertain the number of Consideration Shares required to be issued in satisfaction of the consideration for acquisition of Call Option Shares was based on the commercially agreed exchange rate of 1 SGD : 10,858.71 IDR. The determination of the consideration for the Call Option Shares was agreed upon pursuant to the Call Option Agreement dated 28 December 2009 (entered into prior to the listing and quotation of the Shares on the SGX-ST), which states that the consideration for the Call Option Shares was to be determined by an independent valuer. The issue price of S\$0.20 for each Consideration Share was commercially agreed among the parties pursuant to the Supplemental Agreements. The issue price for each Consideration Share represents a premium of approximately 48.15% over the VWAP of S\$0.135 for trades done on the Shares on the SGX-ST on 27 April 2020. The issue price of S\$0.20 was commercially agreed to be the median of the VWAP of S\$0.135 for trades done on the Shares on the SGX-ST on 27 April 2020 and the NAV of the Shares which is S\$0.274¹².

The Consideration Shares will be issued and credited as fully-paid to Cemaruru Shareholders upon the fulfilment of the Completion Obligations. The Consideration Shares will represent approximately 28.15% of the existing issued Share capital and 21.97% of the enlarged issued Share capital post-Completion.

The Assignment Consideration, being IDR78,864,194,533 (or for illustrative purposes only, approximately S\$7.26 million¹³) comprising the aggregate debts owed by Cemaruru to the Assignors, which is the equivalent amount of the Loans due and outstanding from Cemaruru to the Assignors, will be fully satisfied in cash.

10 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

11 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

12 The computation is $(S\$0.274 - S\$0.135)/2 + S\$0.135$.

13 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is intended to be undertaken pursuant to the exercise of the Call Option in respect of Call Option Shares under the Call Option Agreement. The Board, after careful consideration, is of the view that it is in the best interests of the Group to undertake the Proposed Acquisition for the following reasons:

- (a) it is envisaged that the land banks of Cemaruru will contribute to the Group's land bank reserves for future expansion;
- (b) the oil palms in the plantation of Cemaruru are between 3 and 11 years in age, while the oil palms in the Group's existing plantations are between 1 and 25 years in age, of which 27.3% and 45.9% of its cultivated area are between 7 and 18 years and above 18 years respectively. As mentioned in the Prospectus, the peak production period for oil palms is between 7th and 18th years in age, and the oil palms of Cemaruru would ensure a sustained production of CPO and palm kernels even as the oil palms in the Company's existing plantations exceed their peak production period; and
- (c) the ability to increase the Group's land banks for development into oil palm plantations is integral to sustaining the Group's growth in the long term. As set out in the Prospectus, the Group's criteria for identifying potential acquisitions of other oil palm plantations are as follows:
 - (i) be revenue generating;
 - (ii) have at least 3,000 Ha or more land under cultivation and at least 4,000 Ha or more of uncultivated land banks suitable for cultivation of oil palms for building the CPO factory. Having at least 3,000 Ha of land under cultivation ensures that the lead-up to obtaining a matured oil palm crop would not take too long as it takes at least six (6) years for the oil palms to reach maturity and start having a good yield, while at least 4,000 Ha of uncultivated land allows the Group to plant new oil palms, which would be cheaper than if the Group had acquired land that had already been cultivated; and
 - (iii) be located in Kalimantan and/or other parts of Indonesia in order to leverage on the working experiences of the management team of the Company, who are mainly based in Indonesia.

Cemaruru became revenue-generating from 2013, and had at least 3,000 Ha or more land under cultivation from 2016 onwards. Based on the Company's review of the findings from the legal, financial and tax due diligence conducted on Cemaruru, and the Valuation Report, Cemaruru fulfils the abovementioned criteria, save for the Group's criterion listed in Section 3(c)(ii) above. As Cemaruru has already cultivated 3,185 Ha (which is located in Ngabang District, Landak Regency, West Kalimantan Province of Indonesia) out of a total land bank of 5,617.60 Ha, with less than 3,000 Ha of uncultivated land banks remaining, it does not satisfy the Group's criterion for potential acquisitions under Section 3(c)(ii) above. Notwithstanding this, the Group has identified Cemaruru as a potential target for acquisition because the Group had previously acquired 3,460 Ha of uncultivated land neighbouring Cemaruru in the sub-districts of Ngabang and Jelimpo, both of which are located in Landak Regency. The acquisition of Cemaruru, together with such previously-acquired land, will result in the Group having a sizable uncultivated land bank in the area, creating a new cluster for further palm oil development, and positioning the Group well for future further acquisition and expansion in the area;

LETTER TO SHAREHOLDERS

- (d) the Proposed Acquisition presents a good opportunity for the Group to expand its existing business of cultivating oil palms and harvesting FFB therefrom and processing them into CPO and palm kernels;
- (e) notwithstanding the material uncertainty that may cast significant doubt as to Cemarú's ability to continue as a going concern as mentioned in Section 2.3(k) above, based on the audited FY2019 (Cemarú) financial statements, Cemarú is presently yielding net positive cash flow (please refer to Section 2.3(l) above), while the age profile of Cemarú's oil palms will significantly boost the percentage of matured oil palms for the Group as the Group undergoes the replanting exercise for its post-matured oil palms; and
- (f) even though CPO prices have decreased from their peak in the 2nd week of January 2020, mainly due to the impact of the COVID-19 pandemic, they remain consistently above the selling price assumption of IDR7,122/kg that was used in the Valuation Report. Notwithstanding the current impact of the COVID-19 pandemic on CPO prices and on the current operations of Cemarú, the Proposed Acquisition, when considered from a long-term strategic business planning perspective, presents a good opportunity for the Group's future expansion plans.

The Board is of the view that the Proposed Acquisition will not have any material effect on the Group's remaining and future business operations. Please refer to Section 6.4 of this Circular for details of the financial effects of the Proposed Acquisition on the Group. After taking into account the above, the Board after careful consideration is of the view that the Consideration is fair and reasonable and that the Proposed Acquisition is in the best interests of the Group. The Board also notes that post-exercise of the Call Option on 28 April 2020, the 1H2020 unaudited financial statements reviewed by the Cemarú Auditor had indicated that Cemarú presently has a net profit (after tax and inclusive of non-controlling interests) of IDR2,286,506,401 (approximately S\$210,505 based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date).

In relation to the Assignment of the Loans, the Assignors had extended interest-free loans that were mostly used to fund Cemarú's capital expenditure for replanting its aging oil palms, replacing them with younger ones and resulting in the current age profile of Cemarú's oil palms – the young productive age range of 3 to 7 years. This in turn has resulted in Cemarú currently yielding positive cash flow (based on Cemarú's audited financial statements for FY2019 (Cemarú)). The Assignors did not intend for such Loans to remain after the Proposed Acquisition by the Company, while the Company did not intend for such Loans to remain after the Proposed Acquisition as these would be regarded as interested person transactions, as defined under the Listing Manual. Accordingly, the repayment of the Loans to the Assignors through the Assignment of the Loans were an integral part of the exercise of the Call Option and acquisition of Call Option Shares. Upon Assignment, the Loans will be recorded as interest-bearing loans extended by GPRPL to Cemarú, at an interest rate based on 1-year SIBOR + 2.5% per annum.

LETTER TO SHAREHOLDERS

4. SHAREHOLDERS' APPROVAL FOR THE ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES TO RESTRICTED PERSONS UNDER CHAPTER 8 OF THE LISTING MANUAL

- 4.1. The allotment and issuance of the Consideration Shares requires the approval of Shareholders under section 161 of the Companies Act and Rules 804 and 812(2) of the Listing Manual as the Cemarum Shareholders are restricted persons under Rule 812(1) of the Listing Manual, being Associates of Dr Suparno.
- 4.2. Pursuant to the Proposed Acquisition, 55,155,976 Consideration Shares will be issued to the Cemarum Shareholders in such proportion corresponding to the Call Option Shares held by the Cemarum Shareholders, at an issue price of S\$0.20, based on the agreed exchange rate of 1 SGD : 10,858.71 IDR, representing 28.15% of the existing issued and paid-up Share capital and 21.97% of the enlarged issued and paid-up Share capital post-Completion.
- 4.3. KIPi will be issued 55,110,284 Consideration Shares, comprising 28.13% of the existing issued and paid-up Share capital and 21.95% of the enlarged issued and paid-up Share capital post-Completion, while BRU and BUL will each be issued 22,846 capital Consideration Shares, each comprising 0.01% of the existing issued and paid-up Share capital and 0.01% of the enlarged issued and paid-up Share capital post-Completion.
- 4.4. Accordingly, the Company will be seeking Shareholders' approval at the EGM for the allotment and issuance of the Consideration Shares to the Cemarum Shareholders.

5. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL

5.1. Chapter 9 of the Listing Manual

(a) Background

Chapter 9 of the Listing Manual governs transactions by a listed company or any of its subsidiaries or associated companies (known as an **"entity at risk"**) with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

(b) Definitions of key terms used in Chapter 9 of the Listing Manual

For the purpose of Chapter 9 of the Listing Manual:

- (i) an **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;
- (ii) in the case of a company, an **"associate"** means:
 - (A) in relation to any director, chief executive officer, substantial shareholder, or Controlling Shareholder (being an individual), his Immediate Family, the trustees of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any

LETTER TO SHAREHOLDERS

company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and

(B) in relation to a substantial shareholder or Controlling Shareholder (being a company), any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(iii) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(iv) an “**entity at risk**” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;

(v) in the case of a company, an “**interested person**” means a director, chief executive officer or Controlling Shareholder of a listed company, or an associate of such director, chief executive officer or Controlling Shareholder or any person or entity deemed by the SGX-ST to be an interested person if the person or entity has entered into, or proposes to enter into: (a) a transaction with an entity at risk; and (b) an agreement or arrangement with an interested person in connection with that transaction;

(vi) an “**interested person transaction**” means a transaction between an entity at risk and an interested person;

(vii) a “**transaction**” includes, whether or not in the ordinary course of business and whether or not entered into directly or indirectly (for example, through one or more interposed entities), the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments; and

(viii) a “**listed company**” means a company admitted to the Official List of the SGX-ST and not removed.

(c) **Materiality thresholds**

Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9 of the Listing Manual, Shareholders’ approval would be required in respect of such transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

LETTER TO SHAREHOLDERS

In particular, Shareholders' approval is required where:

- (i) the value of an interested person transaction is equal to, or more than, 5% of the Group's latest audited consolidated NTA; or
- (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5% or more of the Group's latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by Shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by Shareholders.

The abovementioned requirements for Shareholders' approval do not apply to any transaction below S\$100,000, save that the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction, having regard to the objective of Chapter 9 of the Listing Manual, and the economic and commercial substance of the interested person transaction.

In the event that the Group's latest audited NTA is negative, the Company will consult SGX-ST on the appropriate benchmark to calculate the relevant thresholds above, which may be based on its market capitalisation.

5.2. Details of the interested persons

KIPI

- (a) The Adjanto Siblings and Antje, mother to the Adjanto Siblings, are shareholders of KIPI and effectively own all of the ordinary shares of KIPI, through their shareholdings in BRU and KIWI. The Adjanto Siblings and Antje are shareholders of KIWI and effectively own all of the ordinary shares of KIWI. As such, they are in control of KIPI. The Executive Chairman and Chief Executive Officer of the Company, Dr Suparno, owns 1.24% of the shares in KIPI. As Dr Suparno is a Director and the Chief Executive Officer of the Company, he is considered an interested person for the purposes of the Proposed Acquisition. Further, as the rest of the Adjanto Siblings and Antje are Associates of Dr Suparno, KIPI is an interested person¹⁴.

In addition to the above, Dr Suparno is the Commissioner of KIPI, Tan Hong Swan @ Tan Hong Whan @ Swandono Adjanto (an Adjanto Sibling) is the President Commissioner of KIPI, while Tan Hong Pheng @ Pintarso Adjanto (an Adjanto Sibling) and Tan Ying Mei (sister of the Chief Operating Officer and Director of the Company, Mr Swandono and daughter of Tan Hong Swan @ Tan Hong Whan @ Swandono Adjanto, an Adjanto Sibling) are directors of KIPI.

¹⁴ Mr Swandono is the nephew of Dr Suparno, and the son of Tan Hong Swan @ Tan Hong Whan @ Swandono Adjanto (an Adjanto Sibling and a sibling of Dr Suparno). Mr Swandono does not own any shares in the Cemar Shareholders, and Tan Hong Swan @ Tan Hong Whan @ Swandono Adjanto owns less than 30% of the shares in each of BRU, KIPI and KIWI. Accordingly, even though as Chief Operating Officer and Director of the Company, Mr Swandono, is an interested person, the Cemar Shareholders are not Associates of Mr Swandono and are not interested persons by way of their relationship with Mr Swandono.

LETTER TO SHAREHOLDERS

BRU

- (b) The Adjianto Siblings are shareholders of BRU and effectively own 95.6% of the ordinary shares of BRU, while the late Thomas Agap Lim is the owner of the remaining 4.4%¹⁵.

As mentioned above, as Executive Chairman and the Chief Executive Officer of the Company, Dr Suparno is considered an interested person for the purposes of the Proposed Acquisition. Further, as the Adjianto Siblings (other than Dr Suparno) are Associates of Dr Suparno, BRU is an interested person¹⁶.

In addition to the above, Dr Suparno is the Commissioner of BRU, while the Chief Operating Officer and Director of the Company, Mr Swandono is a director of BRU. Tan Hong Pheng @ Pintarso Adjianto (an Adjianto Sibling) and Sylvia Swandono (sister of Mr Swandono and daughter of Tan Hong Swan @ Tan Hong Whan @ Swandono Adjianto, an Adjianto Sibling) are also directors of BRU.

BUL

- (c) Tan Hung Hwie @ Winoto Adjianto (an Adjianto Sibling), Tan Hong Pheng @ Pintarso Adjianto (an Adjianto Sibling) and BRU are shareholders of BUL, and collectively own all of the ordinary shares of BUL. As mentioned above, the Executive Chairman and Chief Executive Officer of the Company, Dr Suparno, is an interested person for the purposes of the Proposed Acquisition. As Tan Hung Hwie @ Winoto Adjianto and Tan Hong Pheng @ Pintarso Adjianto are siblings of Dr Suparno, they are Associates of Dr Suparno. Hence, BUL is an interested person.

In addition to the above, Dr Suparno is the President Director of BUL while the Chief Operating Officer and Director of the Company, Mr Swandono, is a director of BUL. Tan Hong Pheng @ Pintarso Adjianto (an Adjianto Sibling) and Ricky Listyandi Phua Jam (an unrelated third party in relation to the Adjianto Siblings, Dr Suparno and Mr Swandono) are the other directors of BUL.

EII

- (d) Four of the Adjianto Siblings, Tan Hong Phang @ Pandjijono Adjianto, Tan Hung Hwie @ Winoto Adjianto, Tan Phwe Leng @ Tan Phe Lin @ Mariana Adjianto, and Tan Phe Phe @ Muriati Adjianto are shareholders of EII, together with Vicky Adjianto (the daughter of Tan Hong Pheng @ Pintarso Adjianto and niece of Dr Suparno) and Carina Danielle Adjianto (daughter of Dr Suparno). All of the aforementioned, save for Vicky Adjianto, collectively own 85.71% of the ordinary shares in EII while Vicky Adjianto owns the remaining 14.29%. As mentioned above, the Executive Chairman and Chief Executive Officer of the Company, Dr Suparno, is an interested person for the purposes of the Proposed Acquisition. The aforementioned four Adjianto Siblings are siblings of Dr Suparno, while Carina Danielle Adjianto is Dr Suparno's daughter, and

15 As at the Latest Practicable Date, the ordinary shares of BRU which are held by the late Thomas Agap Lim have not been distributed to the legal heirs in accordance with Indonesia laws.

16 Mr Swandono is the nephew of Dr Suparno, and the son of Tan Hong Swan @ Tan Hong Whan @ Swandono Adjianto, (an Adjianto Sibling and a sibling of Dr Suparno). Mr Swandono does not own any shares in the Cemar Shareholders, and Tan Hong Swan @ Tan Hong Whan @ Swandono Adjianto owns less than 30% of the shares in each of BRU, KIPi and KIWI. Accordingly, the Cemar Shareholders are not Associates of Mr Swandono and are not interested persons by way of their relationship with Mr Swandono.

LETTER TO SHAREHOLDERS

they are therefore all Dr Suparno's Immediate Family. Accordingly, they are Associates of Dr Suparno. As all of the shareholders in EII, save for Vicky Adijanto, are Associates of Dr Suparno, EII is therefore an interested person¹⁷.

In addition to the above, Tan Hong Phang @ Pandijiono Adijanto (an Adijanto Sibling), Tan Hung Hwie @ Winoto Adijanto (an Adijanto Sibling) and Tan Eng Eng Jacqueline (daughter of Tan Hong Phang @ Pandijiono Adijanto and niece of Dr Suparno) are also directors of EII.

Accordingly, the Proposed Acquisition is an interested person transaction under Chapter 9 of the Listing Manual.

5.3. Shareholders' approval

The value of the Proposed Acquisition would amount to IDR198,648,744,533 (or for illustrative purposes only, approximately S\$18.29 million¹⁸), which is 34.31% of the latest audited consolidated NTA of the Group (which excludes non-controlling interests) as at 31 December 2019 (being the latest audited consolidated NTA of the Group as at the date of this Circular), being IDR579,060,022,000. The value at risk of the Proposed Acquisition is the Consideration being IDR198,648,744,533 (or for illustrative purposes only, approximately S\$18.29 million¹⁹). Accordingly, as the value of the Proposed Acquisition exceeds 5% of the Group's latest audited consolidated NTA, the Company is seeking Shareholders' approval for the Proposed Acquisition pursuant to Rule 906(1)(a) of the Listing Manual.

Disregarding transactions below S\$100,000 in accordance with Rules 905(3) and 906(2) of the Listing Manual, there are no other interested person transactions which would be the subject of aggregation pursuant to Rule 906(1)(b) of the Listing Manual as at the date of this Circular.

5.4. Aggregate value of all interested person transactions

The aggregate value of all transactions entered into between the Group and Dr Suparno and his Associates for FY2019 is approximately IDR1,096,452,000 (or for illustrative purposes only, approximately S\$100,944²⁰), which constitutes the current total of all interested person transactions for FY2019. There are no other transactions entered into by the Group with interested persons (as defined in the Listing Manual) for FY2019.

The aggregate value of all transactions entered into between the Group and Dr Suparno and his Associates for FY2020 to date, excluding the Proposed Acquisition, is approximately IDR503,009,200 (or for illustrative purposes only, approximately S\$43,763²¹), which constitutes the current total of all interested person transactions for FY2020 to date. There are no other transactions entered into by the Group with interested persons (as defined in the Listing Manual) for FY2020 to date.

17 Mr Swandono is the nephew of Dr Suparno. Mr Swandono does not own any shares in EII. Accordingly, EII is not an Associate of Mr Swandono.

18 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

19 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

20 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

21 Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1. Relative figures of the Proposed Acquisition under Chapter 10 of the Listing Manual

For the purposes of Chapter 10 of the Listing Manual, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual based on the latest audited consolidated financial statements of the Group for FY2019 are set out below:

BASE OF CALCULATION		RELATIVE FIGURES (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable.
(b)	Net losses ⁽¹⁾ attributable to the Call Option Shares to be acquired, compared with the Group's net losses ⁽¹⁾	16.83% ⁽¹⁾
(c)	Aggregate value of the consideration given ⁽²⁾ , compared with the Company's market capitalisation ⁽³⁾ of S\$26,446,270.50 ⁽⁴⁾ based on the total number of issued shares excluding treasury shares	79.96%
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	28.15% ⁽⁵⁾
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets	Not applicable.

Notes:

- (1) "Net losses" is defined to be loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The net loss attributable to the Call Option Shares for the purposes of this calculation is IDR6,217,625,711 (or for illustrative purposes only, approximately S\$0.54 million based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020), computed based on the net loss of Cemar for FY2019. The Group's audited net losses for FY2019 was IDR36,934,899,000 (or for illustrative purposes only, approximately S\$3.21 million based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020). As the relative figures computed herein involve negative figures, absolute figures have been used for the respective calculations pursuant to Rule 1007 read with Practice Note 10.1 of the Listing Manual.
- (2) Pursuant to Rule 1003(3) of the Listing Manual, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher. The market value of the Consideration Shares is S\$7,446,056.76, which is calculated by multiplying the weighted average price of the Shares transacted on the market day preceding the date of exercise of the Call Option (being S\$0.135) with the total number of Consideration Shares (being 55,155,976). The net asset value of the Consideration Shares is IDR164,197,654,015 (or for illustrative purposes only, approximately S\$14.29 million based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020), which was calculated by dividing the NAV of the Group attributable to the Shareholders as at 31 December 2019 (which is IDR583,183,249,000) by the total number of issued shares (excluding treasury shares) of the Company as at 31 December 2019 (being 195,898,300) and multiplying the quotient by the total number of Consideration Shares (being 55,155,976). Accordingly, as the market value of the Consideration Shares is lower than the net asset value represented by such shares, the net asset value of the Consideration Shares was aggregated with the Assignment Consideration for the purposes of the calculation of the relative figure under Rule 1006(c) of the Listing Manual.

LETTER TO SHAREHOLDERS

Accordingly, the aggregate consideration for the purposes of this calculation of IDR243,061,848,548 (or for illustrative purposes only, approximately S\$21.15 million based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020) comprises both: (a) the NAV of the Consideration Shares which is IDR164,197,654,015 (for illustrative purposes only, approximately S\$14.28 million based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020) and (b) the Assignment Consideration payable for the Assignment of Loans, as detailed in Sections 1.5 and 2.5 above, of IDR78,864,194,533 (for illustrative purposes only, approximately S\$6.86 million based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020).

- (3) Under Rule 1002(5) of the Listing Manual, “market capitalisation” of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.
- (4) The Company’s market capitalisation is computed based on the number of issued shares, excluding treasury shares, of the Company as at 31 December 2019 of 195,898,300, and the weighted average price of Shares transacted on 27 April 2020, being the market day preceding the date of the Deed of Assignment and exercise of the Call Option, of S\$0.135 per Share.
- (5) The number of Consideration Shares to be issued by the Company is 55,155,976. The total number of issued shares, excluding treasury shares, of the Company as at 31 December 2019 is 195,898,300.

As the relative figures computed on the basis set out in Rule 1006(c) and 1006(d) of the Listing Manual exceed 20%, the acquisition of Call Option Shares and the Loans under the Proposed Acquisition constitutes a “**major transaction**” under Chapter 10 of the Listing Manual and is therefore subject to Shareholders’ approval. In addition, as the relative figure computed on the basis of Rule 1006(b) of the Listing Manual involves a negative figure and does not fall within any of the scenarios in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual, in accordance with the paragraph 4.6 of Practice Note 10.1 of the Listing Manual, Rule 1014 of the Listing Manual will apply to the Proposed Acquisition and shall be subject to Shareholders’ approval.

6.2. Value Attributable to the Call Option Shares

(a) Book Value

Based on Cemar’s audited financial statements for FY2019, the book value attributable to the Call Option Shares as at 31 December 2019 is approximately IDR53,703,380,925 (for illustrative purposes only, approximately S\$4.67 million²²).

(b) Net losses attributable to the Call Option Shares

Based on the audited financial statements of Cemar for FY2019, the net losses attributable to the Call Option Shares as at 31 December 2020 amounted to IDR6,217,625,711 (for illustrative purposes only, approximately S\$0.54 million²³).

Based on Cemar’s audited financial statements for FY2019, the Proposed Acquisition will result in a profit on acquisition of approximately IDR3,101,644,426 (for illustrative purposes only, approximately S\$0.27 million²⁴).

22 Based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020.

23 Based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020.

24 Based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020.

LETTER TO SHAREHOLDERS

(c) **NTA**

Based on the audited financial statements of Cemaruru for FY2019, the NTA attributable to the Call Option Shares as at 31 December 2019 is IDR53,703,380,925 (for illustrative purposes only, approximately S\$4.67 million²⁵).

(d) **Latest Available Open Market Value**

The open market value of the Call Option Shares is not available as the Call Option Shares are not publicly traded.

(e) **Valuation**

A Valuation Report was commissioned by the Company for the purposes of valuing the Call Option Shares. The Valuation Report was prepared in accordance with the guidelines of the Indonesian Valuation Standard (SPI 2018 – Edition VII) and the Indonesian Valuation Code of Ethics (*Kode Etik Penilai Indonesia*). Pursuant thereto, the Call Option Shares were valued at IDR119,784,550,000 (for illustrative purposes only, approximately S\$10.42 million²⁶). The basis of the valuation is market value, with the valuation based on the financial statements of Cemaruru as at 31 October 2019 in alignment with the cut-off dates for legal and financial due diligence undertaken for the Proposed Acquisition. Market value herein refers to the estimated amount of money on the valuation date which can be obtained from the buying and selling transaction or the result of an exchange of property between the buyer who is interested in buying and the seller who is interested in selling. In a free bond transaction, it is marketed appropriately in which both parties act based on their understanding, prudence and without coercion. Market value is a representation of the exchange rate or amount of money that can be obtained on a property if the property is offered for sale in the (open) market on the valuation date and in accordance with conditions and requirements of definition of market value. To estimate the market value, the Valuer must determine the principle of HBU in accordance with the plans that have been determined by the assignor. Determination of the HBU is based on market data. In this regard, the Indonesian valuation standards and international valuation standards both recognise three main approaches for arriving at market value – income approach, market approach and cost (asset) approach. The Valuer used the two approaches, income approach and cost (asset) approach to derive the market value of the Call Option Shares.

The difference between the book value of the Call Option Shares in Cemaruru's audited financial statements for FY2019 (Cemaruru) (please see Section 6.2(a) of this Circular) and the valuation in the Valuation Report is due to the book value of Cemaruru's mature plant and fixed assets reflecting the historical value of Cemaruru's assets, and not its economic value. On the other hand, the Valuation Report takes into account the potential income that can be generated by Cemaruru's assets.

25 Based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020.

26 Based on an indicative exchange rate of 1 SGD : 11,494 IDR as at 31 March 2020.

LETTER TO SHAREHOLDERS

6.3. Source(s) of funds for the Proposed Acquisition

The Group intends to fund the Proposed Acquisition in the following manner:

- (a) utilisation of part of the IPO proceeds allocated for the “*acquisition of other oil palm plantations and land banks*” as stated in the Prospectus will be used for payment of the Assignment Consideration in acquisition of the Loans; and
- (b) with the issuance and allotment of Consideration Shares for the acquisition of the Call Option Shares.

As stated in Section 2.2 above, as Cemarum engages in the business of palm oil plantation, and holds a right on land which allows Cemarum to exploit, use, or cultivate the land covered by such right, the Company is of the view that the use of the IPO proceeds for the payment of the Assignment Consideration (as an integral part of the Proposed Acquisition as described in Sections 1.5 and 3 above) would be in accordance with the stated use of IPO proceeds in the Prospectus. The quantum of the Assignment Consideration, being IDR78,864,194,533 (or approximately S\$7.26 million²⁷), is also within the allocated quantum of IPO proceeds for this purpose, being an estimated S\$15 million.

6.4. Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the Group are set out below. The financial effects are shown for illustrative purposes only and they do not necessarily reflect the exact future financial position and performance of the Group immediately after Completion of the Proposed Acquisition.

The financial effects set out below have been calculated using the audited consolidated financial statements of the Group for FY2019, the audited financial statements of Cemarum for FY2019 (Cemarum) and the following assumptions:

- (i) the identifiable assets and liabilities (save for mature plants and other fixed assets) of Cemarum as at the acquisition date are based on their net book values which the Cemarum Auditor considers approximate to the fair values at that stage;

²⁷ Based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

- (ii) based on the Valuation Report, the market value of the mature plants and the other fixed assets of Cemaruru is higher than that reported in the unaudited financial statements of Cemaruru as at 31 October 2019 (please refer to Section 6.2(e) of this Circular for details). Due to the differences between the accounting standards adopted by Cemaruru and those adopted by the Group²⁸, to align Cemaruru's financials with the Group's accounting standards SFRS(I), and to provide a more accurate presentation of the value of Cemaruru's assets, the Group has adopted the acquisition method under SFRS(I) 3 Business Combinations and the following adjustments to the market value of Cemaruru's mature plants and other fixed assets have been made:

	<u>IDR</u>
Adjustments for market value of:	
Mature plants	76,885,696,031
Fixed assets	10,855,271,656
	87,740,967,687

and

- (iii) the management has considered the effects of the adoption of SFRS(I) 16 new leasing standard and recognised right-of-use assets and lease liabilities of IDR20,736,171 (for illustrative purposes only, approximately S\$1,909⁽¹⁾) and IDR21,725,139 (for illustrative purposes only, approximately S\$2,000⁽¹⁾) respectively as at 31 December 2019 for Cemaruru.

Note:

- (1) Computed based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date for illustrative purposes only

- (a) **NTA**

Assuming that the Proposed Acquisition had been completed on 31 December 2019, the effect of the Proposed Acquisition on the NTA per Share of the Group is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (IDR'000)	595,263,813	724,596,966 ⁽¹⁾
Number of Shares	195,898,300	251,054,276
NTA per Share (IDR)	3,039	2,886

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$)	54,802,464 ⁽²⁾	66,709,412 ⁽²⁾
Number of Shares	195,898,300	251,054,276
NTA per Share (Cents)	28 ⁽²⁾	27 ⁽²⁾

²⁸ Cemaruru has adopted the Indonesian Financial Accounting Standards. On the other hand, the Group has adopted the SFRS(I).

LETTER TO SHAREHOLDERS

Notes:

- (1) This includes the adjustment for the market value of the mature plants and fixed assets of Cemaru as ascribed by the Valuer in the Valuation Report.
- (2) Computed based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date.

(b) Net loss per Share

Assuming that the Proposed Acquisition had been completed on 1 January 2019, the effect of the Proposed Acquisition on the losses per Share of the Group is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss after tax attributable to Shareholders (IDR'000)	(38,512,724)	(45,564,937)
Weighted average number of Shares	196,023,360	251,179,336
Loss per Share – basic (IDR)	(196)	(181)

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss after tax attributable to Shareholders (S\$)	(3,546) ⁽¹⁾	(4,195) ⁽¹⁾
Weighted average number of Shares	196,023,360	251,179,336
Loss per Share – basic (Cents)	(2) ⁽¹⁾	(2) ⁽¹⁾

Note:

- (1) Computed based on an indicative exchange rate of 1 SGD : 10,861.99 IDR as at the Latest Practicable Date

6.5. Potential dilution

As a result of the Proposed Acquisition and upon Completion and issuance of the Consideration Shares, the collective shareholding interests of Independent Shareholders in the Company will decrease from 22.45% to 17.52%. Please refer to section 4.5 of the IFA Letter for further information.

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

LETTER TO SHAREHOLDERS

8. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

- (a) Based on the Company's register of interest of Directors and register of substantial Shareholders respectively, as at the Latest Practicable Date, the interests of the Directors and substantial Shareholders in the Company are as follows:

Directors and/or substantial Shareholders	Direct Interest		Deemed Interest		Total	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Directors						
Dr Suparno	–	–	–	–	–	–
Mr Swandono	–	–	–	–	–	–
Yee Kit Hong	–	–	–	–	–	–
Murugiah Rajaram	–	–	–	–	–	–
Guok Chin Huat Samuel	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
GPR Investment Holdings Limited ⁽¹⁾	151,743,600	77.46	–	–	151,743,600	77.46

Note:

- (1) GPR Investment Holdings Limited, a Seychelles-domiciled company, is the private investment vehicle of the Adjanto Family Shareholders (which includes amongst others the Company's Executive Chairman and Chief Executive Officer, Dr Suparno and the Adjanto Siblings) through which they hold interests in the Company. GPR Investment Holdings Limited is wholly-owned by the Adjanto Family Shareholders, and none of them exercises control over GPR Investment Holdings Limited or dominates decision-making, whether directly or indirectly, in relation to its financial and operating policies. GPR Investment Holdings Limited's board of directors comprises two members – Tan Hong Phang @ Pandjiono Adjanto (an Adjanto Sibling) and Tan Hung Hwie @ Winoto Adjanto (an Adjanto Sibling), each of whom has an equal vote. However, neither of the directors individually or collectively, exercise control over GPR Investment Holdings Limited or dominates decision-making, whether directly or indirectly, in relation to GPR Investment Holdings Limited's financial and operating policies, and remain accountable to the shareholders of GPR Investment Holdings Limited.

- (b) Save as disclosed in this Circular, none of the Directors or, to the best of the knowledge of the Company, the substantial Shareholders, has any other interest, direct or indirect, in the Proposed Acquisition other than through their respective directorships in the Group and/or shareholdings in the Company.

9. OPINION OF THE IFA

- 9.1. Zico Capital Pte. Ltd., in accordance with Chapter 9 of the Listing Manual, has been appointed as the independent financial adviser to the Non-Abstaining Directors in respect of the Proposed Acquisition.
- 9.2. A copy of the IFA Letter dated 28 October 2020 in relation to the above is set out and appended as Appendix A. Shareholders are advised to read the IFA Letter in its entirety.

LETTER TO SHAREHOLDERS

- 9.3. The advice of the IFA to the Non-Abstaining Directors in respect of the Proposed Acquisition has been extracted from the IFA Letter and is reproduced in italics below (capitalised terms as defined in the IFA Letter):

“We set out below a summary of the key factors we have taken into our consideration

- (a) rationale for the Proposed Acquisition;*
- (b) the financial performance and condition of Cemarú;*
- (c) the Option Shares Consideration is at a discount of 12.9% to the RNAV of 95% of the total share capital of Cemarú (being attributable to the Proposed Acquisition) as at 31 October 2019;*
- (d) the Total Consideration is at a discount of 6.5% to the Adjusted RNAV of 95% of the total share capital of Cemarú (being attributable to the Proposed Acquisition) as at 31 October 2019;*
- (e) the EV/Ha of Cemarú implied by the Total Consideration is within the range of EV/Ha multiples of the Comparable Companies and lower than the mean but higher than the median of the Comparable Companies;*
- (f) the P/NAV of Cemarú implied by the Total Consideration is higher than the range of the P/NAV multiples of the Comparable Companies;*
- (g) the P/Adjusted NAV of Cemarú implied by the Total Consideration is higher than the range of the P/NAV multiples of the Comparable Companies;*
- (h) the P/Ha multiple of Cemarú implied by the Total Consideration is within the range of P/Ha multiples of the Precedent Transactions but below the median and mean of the P/Ha multiples of the Precedent Transactions;*
- (i) the Issue Price represents a premium of 108.3% above the last traded price of S\$0.096 on 30 September 2020, being the last day prior to the Latest Practicable Date when the Shares were traded;*
- (j) the Issue Price represents premia of 119.8%, 106.2%, 92.3% and 77.0% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods preceding 9 October 2020 respectively;*
- (k) the Shares were thinly traded on the SGX-ST as the average daily trading volume (based on number of days when the SGX-ST was opened for trading) was less than 17,000 Shares for 1-month, 3-month, 6-month and 12-month periods;*
- (l) the VWAP for the 1-month, 3-month, 6-month and 12-month periods were lower than the NAV and NTA per Share as at 31 December 2019 of S\$0.27 and the Issue Price;*
- (m) the highest traded price for the 1-month, 3-month, 6-month and 12-month periods were lower than the NAV and NTA per Share as at 31 December 2019 of S\$0.27;*
- (n) The highest traded price for 1-month, 3-month and 6-month periods were lower than the Issue Price;*

LETTER TO SHAREHOLDERS

- (o) *the Issue Price represents an implied P/NAV and P/NTA discount of 25.9% to the NAV and NTA per Share as at 30 June 2020 of S\$0.27;*
- (p) *the Post-acquisition dilution impact on Independent Shareholders;*
- (q) *the Financial effects of the Proposed Acquisition; and*
- (r) *other relevant considerations as set out in Section 4.7 of this IFA Letter.*

We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that on balance, the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.”

10. AUDIT COMMITTEE STATEMENT

The Audit Committee has considered, inter alia, the terms, rationale for and benefit of the Proposed Acquisition as well as the IFA Letter, and is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

11. ABSTENTION FROM VOTING

11.1. Rule 919 of the Listing Manual states that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution in respect of the interested person transaction, nor accept appointments as proxies unless specific instructions as to voting are given.

11.2. In light of the relationships set out in Section 5.2 above:

- (i) Dr Suparno has undertaken that he shall, and has undertaken to ensure that his Associates shall;
- (ii) GPR Investment Holdings Limited has undertaken that it shall, and has undertaken to ensure that its Associates shall;
- (iii) the Adijanto Family Shareholders have each undertaken that they shall, and have undertaken to ensure that each of their Associates shall; and
- (iv) the Cemaruru Shareholders and Assignors have each undertaken to ensure that they shall, and have undertaken to ensure that each of their respective Associates shall,

(where such persons are Shareholders) abstain from voting, or appointing the Chairman of the EGM as proxy to vote on their behalf, at the EGM on the Ordinary Resolutions in respect of the Proposed Acquisition, and will not accept appointments as proxies unless the Independent Shareholders appointing them as proxy give specific instructions in the relevant Proxy Form(s) on the manner in which they wish their votes to be cast for the Ordinary Resolutions in respect of the Proposed Acquisition.

LETTER TO SHAREHOLDERS

- 11.3. None of Dr Suparno, GPR Investment Holdings Limited, each of their respective Associates, or the Adijanto Family Shareholders (which include the Adijanto Siblings) holds Shares other than via the Shares held by GPR Investment Holdings Limited.
- 11.4. Other than as disclosed in this Section 11 of this Circular, the Cemarú Shareholders, the Assignors, and each of their respective Associates do not hold Shares in the Company.

12. DIRECTORS' RECOMMENDATIONS

- 12.1. Dr Suparno shall abstain from making any recommendations on the approval of the Proposed Acquisition to be tabled at the EGM. He will also not accept appointments as proxies for voting in respect of the Ordinary Resolutions for the Proposed Acquisition set out in the Notice of EGM unless specific instructions as to voting are given.
- 12.2. Mr Swandono is the President Director of Cemarú, nephew of Dr Suparno, and the son of Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto (who is a sibling of Dr Suparno and, who, together with Dr Suparno and the other siblings of Dr Suparno, control each of the Cemarú Shareholders). In view of the foregoing, although Mr Swandono is not an "interested person" under Chapter 9 of the Listing Manual for the purposes of the Proposed Acquisition, Mr Swandono will nevertheless abstain from making any recommendations on the approval of the Proposed Acquisition to be tabled at the EGM as he is also a President Director of Cemarú. He will also not accept appointments as proxies for voting in respect of the Ordinary Resolutions for the Proposed Acquisition set out in the Notice of EGM unless specific instructions as to voting are given.
- 12.3. Having considered, *inter alia*, the terms, the rationale, the benefits, and the financial effects of the Proposed Acquisition, as well as the IFA Letter, the Non-Abstaining Directors are of the view that the Proposed Acquisition is in the interests of the Company and the Independent Shareholders. Accordingly, the Non-Abstaining Directors recommend that the Independent Shareholders vote in favour of the Ordinary Resolutions in relation to the Proposed Acquisition to be proposed at the EGM.
- 12.4. Shareholders are advised to read this Circular in its entirety, in particular the rationale for the Proposed Acquisition, and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor or other professional adviser.

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be held by way of electronic means on 12 November 2020 at 1.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of EGM.

14. ACTIONS TO BE TAKEN BY SHAREHOLDERS

- 14.1. Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, the Company will convene the EGM and the EGM will be held by way of electronic means only, and Shareholders will not be able to attend the EGM in person.

LETTER TO SHAREHOLDERS

- 14.2. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the EGM by (a) watching the EGM proceedings via a “live” webcast or listening to the EGM proceedings via a “live” audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM. Please refer to the Section entitled “Notes” in the Notice of EGM set out on pages N-1 to N-5 of this Circular and the Company’s announcement dated 28 October 2020 entitled “Extraordinary General Meeting 2020” which has been uploaded together with this Circular on SGXNET for further information, including the steps to be taken by Shareholders to participate in the EGM. Such announcement may also be accessed on the Company’s website at <http://www.gprholdings.com>.
- 14.3. Shareholders who wish to vote at the EGM should complete, sign and return the Proxy Form attached to this Circular, appointing the Chairman of the EGM to vote on his/her/its behalf, in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company’s office at 105 Cecil Street #24-01 The Octagon Singapore 069534 not less than forty-eight (48) hours before the time fixed for the EGM (i.e. by 1.00 p.m. on 10 November 2020). The Proxy Form or instrument or form appointing the Chairman of the EGM as proxy may be submitted to the Company through any one of the following means:
- (a) depositing or posting a physical copy to the office of the Company at 105 Cecil Street #24-01 The Octagon Singapore 069534; or
 - (b) by sending a scanned signed PDF copy by email to gpr_egm@gprholdings.com.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email to the Company so as to reach the Company not less than forty-eight (48) hours before the time appointed for holding the EGM.

- 14.4. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at seventy-two (72) hours before the EGM.
- 14.5. In line with the provisions under the COVID-19 Order, no printed copies of the Notice of EGM, this Circular and/or the Proxy Form will be despatched to Shareholders. An electronic copy of each of the aforementioned documents has been made available on the Company’s website at <http://www.gprholdings.com> and SGXNET at <https://www.sgx.com/securities/company-announcements>.

15. CONSENTS

- 15.1. Zico Capital Pte. Ltd., the IFA to the Non-Abstaining Directors in respect of the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter set out in Appendix A of this Circular, its name and all references thereto, in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

- 15.2. KJPP Doli Siregar dan Rekan as Valuer for the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of an executive summary of the Valuation Report set out in Appendix B of this Circular, its name and all references thereto, in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular. The Valuer has also given and has not withdrawn its written consent in allowing the Asset Valuation Report and Valuation Report to be made available for inspection by Shareholders on request.
- 15.3. Dentons Rodyk & Davidson LLP, as the legal adviser to the Company as to Singapore law, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.
- 15.4. Ali Budiardjo, Nugroho, Reksodiputro has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which it appears in this Circular.
- 15.5. PT RSM Indonesia Mitradana has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which it appears in this Circular.
- 15.6. Y. Santosa dan Rekan has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which it appears in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Physical copies of the following documents will be available for inspection during normal business hours at the Company's registered office at 105 Cecil Street #24-01 The Octagon Singapore 069534 on any weekday (public holidays excepted) for a period of three (3) months from the date of this Circular, while electronic copies of the same will be made available on request by Shareholders via email to gpr_egm@gprholdings.com:

- (a) the Transaction Documents;
- (b) the annual report of the Company for FY2019;
- (c) the IFA Letter;
- (d) the Asset Valuation Report;
- (e) the Valuation Report;
- (f) the letters of consent referred to in Section 15; and
- (g) the Constitution.

LETTER TO SHAREHOLDERS

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully

For and on behalf of the Board of Directors of
Global Palm Resources Holdings Limited

Mr Yee Kit Hong
Lead Independent and Non-Executive Director

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

28 October 2020

To: The Non-Abstaining Directors of Global Palm Resources Holdings Limited (deemed to be independent in respect of the Proposed Acquisition)

Mr Yee Kit Hong	Lead Independent and Non-Executive Director
Mr Murugiah Rajaram	Independent and Non-Executive Director
Mr Guok Chin Huat Samuel	Independent and Non-Executive Director

Dear Sir/Mdm,

THE PROPOSED ACQUISITION OF 95% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF PT CEMARU LESTARI AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as defined in the circular to shareholders (“Shareholders”) of Global Palm Resources Holdings Limited (“Global Palm” or the “Company”) dated 28 October 2020.

The following exchange rates are applied in this IFA Letter:-

- S\$1.00 : IDR10,861.99
- RM1.00 : S\$0.3268
- US\$1.00 : S\$1.3568

1. INTRODUCTION

- 1.1** The Company had, in conjunction with its listing on the SGX-ST in April 2010, entered into a call option agreement with PT Ketapang Indah Plywood Industries (“KIPI”), PT Bumi Raya Utama (“BRU”) and PT Bumisubur Lestaritani (“BUL”) (collectively, the “Cemaru Shareholders”) dated 28 December 2009, which terms were subsequently varied by the supplemental letter dated 3 November 2011, the first supplemental agreement dated 10 November 2011 and the second supplemental agreement dated 28 April 2020 (collectively, the “Call Option Agreement”).
- 1.2** Under the Call Option Agreement, each of the Cemaru Shareholders granted to the Company the right to acquire (“Call Option”) such number of ordinary shares (“Call Option Shares”) constituting 95.0% of the total issued share capital of PT Cemaru Lestari (“Cemaru”).
- 1.3** As announced by the Company on 28 April 2020, the Company had, in accordance with the terms of the Call Option Agreement, exercised the Call Option for the acquisition of the Call Option Shares through its wholly owned subsidiary, Global Palm Resources Private Limited (“GPRPL” or the “Option Holder Nominee”), at a consideration of IDR119,784,550,000 (or approximately S\$11.03 million). The consideration shall be satisfied by the allotment and issuance of 55,155,976 new ordinary shares in the capital of the Company (“Consideration Shares”) at S\$0.20 per Consideration Share, based on the agreed exchange rate of S\$1.00 to IDR10,858.71, to the Cemaru Shareholders. The Consideration Shares will represent approximately 28.15% and 21.97% of the existing and enlarged issued share capital of the Company (excluding treasury shares) respectively.

APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE NON-ABSTAINING DIRECTORS IN RELATION TO THE PROPOSED ACQUISITION

The Company is also proposing for GPRPL to enter into a deed of assignment (“**Deed of Assignment**”) for the assignment of loans to GPRPL amounting to IDR78,864,194,533 (or approximately S\$7.26 million) (“**Loans**”) due and payable by Cemaruru to KIPI and Explorer Investments Inc (“**Assignors**”).

As the assignment of the Loans were negotiated as an integral part of the exercise of the Call Option, the completion of the assignment of the Loans is conditional on, amongst others the completion of the acquisition of the Call Option Shares (collectively, the “**Proposed Acquisition**”).

Cemaruru will become a 95%-owned subsidiary of the Company upon completion of the Proposed Acquisition. The Loans will be payable by the Company, through GPRPL, to the Assignors in cash at Completion, and Cemaruru will then record a loan payable to GPRPL and GPRPL will, in turn, record a loan owing to the Company.

- 1.4** The Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual and a “major transaction” under Chapter 10 of the Listing Manual which requires the approval of Shareholders to be obtained at an EGM to be convened. The prior approval of Shareholders is also required as the Proposed Acquisition involves the allotment and issuance of Consideration Shares to restricted persons under Rule 804 of the Listing Manual.
- 1.5** ZICO Capital Pte. Ltd. (“**ZICO Capital**”) has been appointed by the Company as the independent financial adviser (“**IFA**”) to advise the Non-Abstaining Directors for the purposes of making their recommendation to the independent Shareholders in respect of the Proposed Acquisition. The Non-Abstaining Directors are Mr Yee Kit Hong, Mr M. Rajaram and Mr Guok Chin Huat Samuel, who are Independent Directors of the Company.

This IFA letter (“**IFA Letter**”) has been prepared pursuant to Rules 906(1)(b) and 921(4)(a) of the Listing Manual as well as for the use of the Non-Abstaining Directors to provide an opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. This IFA Letter forms part of the circular to Shareholders dated 28 October 2020 (“**Circular**”) to be despatched to Shareholders in relation to the Proposed Acquisition and should be read in its entirety.

2. TERMS OF REFERENCE

ZICO Capital has been appointed as the IFA to advise the Non-Abstaining Directors in respect of the Proposed Acquisition.

We have confined our evaluation to the financial terms of the Proposed Acquisition. Our terms of reference do not require us to evaluate or comment on the rationale for, legal and commercial risks and/or merits (if any) of the Proposed Acquisition, or on the future financial performance or prospects of the Company and its subsidiaries and we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the directors (the “**Directors**”) and the management (the “**Management**”) of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our recommendation as set out in this IFA Letter.

We are not and were not involved or responsible, in any aspect, in the negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Acquisition. We do not, by this IFA Letter, warrant the merits of the Proposed Acquisition other than to express an opinion on whether the

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

In the course of our evaluation of the Proposed Acquisition, we have held discussions with the Directors and the Management. We have also examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors and the Management, including information contained in the Circular. We have relied on, and assumed without independent verification, the accuracy and completeness of such information, whether written or verbal, and accordingly cannot and do not make any warranty or representation, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information or representations.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated detailed supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material aspects. The Directors have confirmed to us that, to the best of their knowledge and belief, there is no other information or fact, the omission of which would cause any statement in the Circular in respect of the Group, the Proposed Acquisition to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made reasonable enquiries and exercised judgement on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information upon which we have relied.

For the purposes of assessing the Proposed Acquisition and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company or the Group in connection with our opinion in this IFA Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities (including without limitation, property, plant and equipment) of the Group. We have not been furnished with any such evaluation or appraisal, except for the valuation report in respect of Cemar from Kantor Jasa Penilai Publik Doli Siregar dan Rekan, the independent professional valuer appointed by the Company in connection with the Proposed Acquisition. We are not experts in the evaluation or appraisal of the assets/business concerned and we have placed sole reliance thereon for the valuation and information contained in the Valuation Report (which is a document available for inspection at the registered office of the Company). We are not involved in the preparation of, and assume no responsibility for the Valuation Report. We have also not made any independent verification of the contents thereof.

Our recommendations are based upon market, economic, industry and other conditions prevailing, as well as information made available to us, as at 9 October 2020 (the "**Latest Practicable Date**"). Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent developments after the Latest Practicable Date that may affect our recommendations contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Acquisition, which may be released after the Latest Practicable Date.

APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE NON-ABSTAINING DIRECTORS IN RELATION TO THE PROPOSED ACQUISITION

In rendering our advice and providing our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. We recommend that any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

The Company has been advised by its own legal advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter).

We have prepared this IFA Letter for the use by the Non-Abstaining Directors in connection with their consideration of the Proposed Acquisition, but any recommendations made by the Non-Abstaining Directors in respect of the Proposed Acquisition shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Proposed Acquisition) at any time and in any manner without the prior written consent of ZICO Capital. Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of this IFA Letter and the Circular.

3. THE PROPOSED ACQUISITION

3.1 Background of the Call Option

The Call Option was granted to the Company in conjunction with its listing on the SGX-ST in April 2010. The Call Option Agreement provided that the purchase consideration would be based on a valuation of Cemaruru to be conducted by an independent professional valuer who shall be appointed by the Company and approved by its Audit Committee. The Call Option is exercisable by the Company at any time from the date of the Call Option Agreement, subject to the fulfillment of certain conditions precedents, details of which have been set out in Section 2.4(c) of the Circular and reproduced in Section 3.2(c) of this IFA Letter.

3.2 Salient terms of the Call Option Agreement

(a) Grant of Call Option

Pursuant to the Call Option Agreement, the Cemaruru Shareholders have granted the Company the right to acquire the Call Option Shares which constitute 95.0% of the total issued share capital of Cemaruru.

(b) Consideration and payment terms

The consideration for the Call Option Shares ("**Option Shares Considerations**") shall be satisfied on Completion by the allotment and issuance of 55,155,976 Consideration Shares at an issue price of S\$0.20 per Consideration Share ("**Issue Price**"), based on the agreed exchange rate of S\$1.00 to IDR10,858.71, free from all encumbrances and credited as fully-paid to the Cemaruru Shareholders in such proportion corresponding to the Call Option Shares held by the Cemaruru Shareholders.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

(c) **Pre-conditions for exercise of the Call Option (“Pre-Conditions”)**

The Pre-Conditions to be fulfilled prior to the exercise of the Call Option are as follows:

- (i) receipt by Cemaruru of the approval of the shareholders of Cemaruru in a general meeting for the transfer of the Call Option Shares and waiver of pre-emptive rights, if any;
- (ii) receipt by Cemaruru of the approval from the Capital Investment Coordinating Board (Badan Koordinasi Penanaman Modal) of the Republic of Indonesia for the conversion of Cemaruru to a company with foreign investment status (Penanaman Modal Asing);
- (iii) receipt by Cemaruru of the approval and/or acknowledgement of the notification from the Minister of Law and Human Rights of the Republic of Indonesia for the amendments (if any) to the relevant articles of the articles of association of Cemaruru in connection with the conversion of Cemaruru to a company with foreign investment status (Penanaman Modal Asing); and
- (iv) receipt by Cemaruru of any other approval with the Company deems necessary after the conduct of legal and financial due diligence on Cemaruru.

The Pre-Conditions have been fulfilled or waived by the Company prior to the exercise of the Call Option. Please refer to Section 2.4 of the Circular for further details of the other material terms.

3.3 Salient terms of the Deed of Assignment

(a) **Assignment and transfer of loans**

Pursuant to the Deed of Assignment, each of the Assignors shall grant, transfer and assign their respective rights, title, interest and benefits in the Loans, free of all encumbrances, to GPRPL in consideration of the full equivalent amount of the Loans (“**Assignment Consideration**”). It is intended for the Company to provide GPRPL with the funds to satisfy the Assignment Consideration. Please refer to Section 2.5 of the Circular for further details of the other material terms such as the Conditions Precedent.

The Loans were extended by the Assignors, on an interest-free basis, and were utilized entirely to fund the working capital requirements and/or day-to-day operations of Cemaruru. Cemaruru does not have any borrowings from banks or other financial institutions.

Upon settlement of the Assignment Consideration, Cemaruru will then record a loan payable to GPRPL, which will be interest-bearing at an interest rate based on 1-year SIBOR + 2.5% per annum with no fixed repayment terms. The interest rate will be the same as the loan extended by the Company to its subsidiary, PT Prakarsa Tani Sejati.

(b) **Payment terms**

The Assignment Consideration shall be fully settled in cash, by way of telegraphic transfer to such Assignor’s account, on Completion.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

3.4 Total consideration for the Proposed Acquisition

The total effective consideration for the Proposed Acquisition is IDR198,648,744,533 (or approximately S\$18.29 million) (“**Total Consideration**”), comprising the Options Shares Consideration and the Assignment Consideration.

4. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Proposed Acquisition;
- (b) financial performance and condition of Cemaruru;
- (c) assessment of the Total Consideration;
- (d) assessment of the Issue Price;
- (e) dilution impact arising from the issuance of the Consideration Shares on the Independent Shareholders;
- (f) the financial effects of the Proposed Acquisition; and
- (g) other relevant considerations.

4.1 Rationale for the Proposed Acquisition

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Acquisition or the future prospects of the Group after the Proposed Acquisition. Nevertheless, we have reviewed the Company’s rationale for the Proposed Acquisition as set out in paragraph 3 of the Circular.

We note that the Proposed Acquisition, if and when completed, will, *inter alia*, contribute to the Group’s land bank reserve for future expansion and enable the Group to ensure a sustained production of CPO and palm kernels as the oil palms in the Group’s existing plantations exceed their peak production period.

As stated in the Circular, the oil palms in the plantation of Cemaruru are between 3 and 11 years in age, while the oil palms in the Company’s existing plantations are between 1 and 25 years in age of which 27.3% and 45.9% of its cultivated area are between 7 and 18 years and above 18 years in age respectively. The peak production period for oil palms is between 7 and 18 years in age.

We set out below a table extracted from the Valuation Report which shows the age of oil palms in Cemaruru’s plantation.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Plant Age (years)	Planted Area (Ha)	Proportion of total planted area (%)
3	30.07	1.3
4	299.10	13.1
5	743.04	32.4
6	668.78	29.2
7	362.27	15.8
8	6.99	0.3
9	25.60	1.1
10	101.46	4.4
11	49.95	2.2
	2287.26	

Source: Valuation Report Page 3-10

We also note that the Company is of the view that even though the CPO prices have decreased from their peak in the 2nd week of January 2020, mainly due to the impact of the COVID-19 pandemic, they remain consistently above the selling price assumption of IDR7,122/kg that was used in the Valuation Report. Notwithstanding the current impact of the COVID-19 pandemic on CPO prices and on the current operations of Cemaruru, the Proposed Acquisition, when considered from a long-term strategic business planning perspective, presents a good opportunity for the Group's future expansion plans.

4.2 Financial performance and condition of Cemaruru

A summary of the financial statements of Cemaruru for the financial years ended 31 December ("FY") 2017, 2018 and 2019 which have been prepared in accordance with the Indonesian Financial Accounting Standards, and its relevant commentaries are extracted from Section 2.3 of the Circular and set out below. The financial statements for FY2017, FY2018 and FY2019 were audited by Y. Santosa dan Rekan ("**Auditors**")

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Review of Operating Results

(IDR)	Audited FY2017	Audited FY2018	Audited FY2019
Net sales	14,216,076,553	22,002,620,260	24,602,493,161
Cost of goods sold	11,229,895,661	27,020,643,526	30,510,901,814
Gross profit/(loss)	2,986,180,892	(5,018,023,266)	(5,908,408,653)
Operating expenses	(2,627,728,513)	(3,164,680,765)	(6,139,331,287)
Operating profit/(loss)	358,452,379	(8,182,704,031)	(12,047,739,940)
Other income (charges)	(2,945,917,487)	(7,346,147,368)	5,502,870,770
Profit/(loss) before income tax	(2,587,465,108)	(15,528,851,399)	(6,544,869,170)
Income tax expense	(434,507,232)	(521,079,145)	(878,512,906)
Net profit/(loss) after tax	(3,021,972,340)	(16,049,930,544)	(7,423,382,076)

Net sales

Net sales increased by 54.8%, from IDR14,216,076,553 in FY2017 to IDR22,002,620,260 in FY2018, mainly due to an increase in volume of fresh fruit bunch (“FFB”) sold which was partially offset by a decrease in the average FFB selling prices in FY2018. Net sales further increased by 11.8% to IDR24,602,493,161 in FY2019, mainly due to an increase in volume of FFB sold which was partially offset by a decrease in the average FFB selling prices in FY2019.

Cost of goods sold

Cost of goods sold increased by 140.6%, from IDR11,229,895,661 in FY2017 to IDR27,020,643,526 in FY2018, mainly due to an increase in direct labor and production cost. Cost of goods sold further increased by 12.9% to IDR30,510,901,814 in FY2019, which was generally in line with the increase in sales for the same period.

Gross profit/loss

Cemaru recorded a gross profit in FY2017 and gross losses in FY2018 and in FY2019, mainly due to decline in average FFB selling prices.

Operating expenses

Operating expenses increased by 20.4%, from IDR2,627,728,513 in FY2017 to IDR3,164,680,765 in FY2018, mainly due to increased selling expenses. Operating expenses further increased by 94.0% to IDR6,139,331,287 in FY2019, mainly due to an increase in selling expenses as well as general and administration expenses.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Operating profit/loss

As a result of the foregoing, Cemaruru recorded an operating profit in F2017, and operating losses in FY2018 and FY2019.

Other income/(charges)

Other charges increased by 149.4% from IDR2,945,917,487 in FY2017 to IDR7,346,147,368 in FY2018, mainly due to foreign exchange losses. Foreign exchange loss of IDR2,971,096,444 and IDR6,168,449,871 were recorded for FY2017 and FY2018 respectively, mainly due to the depreciation of the IDR against SGD and USD in respect of related party payables.

Cemaruru recorded other income amounting to IDR5,502,870,770 in FY2019, mainly due to gain on biological assets and foreign exchange. Cemaruru recognised a gain of IDR2,592,700,000 on its biological assets, following an appraisal by the Valuer which determined that the fair value was higher than the book value, mainly due to higher yield (from 1,574,845kg in FY2018 to 2,458,380kg in FY2019) and higher FFB prices. The valuation was determined in accordance with the “Indonesian Valuation Standard (SPI 2018 – Edition VII) and the Indonesian Valuation Code of Ethics (Kode Etik Penilai Indonesia)”. Foreign exchange gain of IDR2,911,841,591 was recorded for FY2019, mainly due to the appreciation of IDR against SGD and USD in respect of related party payables.

Loss before income tax

As a result of the foregoing, Cemaruru recorded losses before income tax from FY2017 to FY2019.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Review of Financial Position

(IDR)	Audited FY2017 ^{1,2}	Audited FY2018 ^{1,2}	Audited FY2019 ¹
Current Assets	4,767,633,737	12,053,482,598	13,411,312,182
Non-Current Assets	141,037,233,744	136,656,216,482	130,837,640,055
Current Liabilities	946,854,041	6,384,686,532	2,801,718,806
Non-Current Liabilities	145,034,315,614	158,242,358,806	84,917,358,773
Net assets/(liabilities)	(176,302,174)	(15,917,346,258)	56,529,874,658
Working capital	3,820,779,696	5,668,796,066	10,609,593,376

Emphasis of Matter

In respect of the audited financial statements for FY2017 and FY2018, the Auditors had issued an emphasis of matter that *“the Company has incurred capital deficiency and negative cash flow from operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company ability to continue as a going concern. The Company of financial statement do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect to this matter”*.

In respect of the audited financial statements for FY2019, the Auditors had issued an emphasis of matter that *“the Company has incurred recurring losses and negative cash flow from operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company ability to continue as a going concern. Other than that, the Company may be affected by the outbreak of Corona Virus Disease 2019 (COVID-19) which was declared a global pandemic since March 2020. The accompanying financial statement do not include any adjustments of the condition if any. Our opinion is not modified in respect to this matter.”*

Net assets

Cemaru recorded net liabilities as at 31 December 2017 and 2018, mainly due to losses from its operations. However, it recorded a positive net asset position as at 31 December 2019 with the capitalization of shareholders' loans amounting to IDR80,000,000,000 into share capital. There was no intangible assets recorded in the balance sheet.

We have also considered whether there are any factors which have not been otherwise disclosed in the financial statements of Cemaru that are likely to impact its NAV or NTA as at 31 December 2019. In this regard, the Executive Directors and the Management have confirmed to us (based on confirmation obtained from the directors and management of Cemaru) that as at the Latest Practicable Date and to the best of their knowledge and belief:-

¹ In FY2017, biological assets amounting to IDR898,100,000 had been classified as non-current assets whereas in FY2018 and FY2019, biological assets amounting to IDR825,400,000 and IDR3,418,100,000 respectively had been classified as current assets.

² The audited financial statements for FY2017 and FY2018 contained a qualified opinion by the Auditors in respect of certain erroneous transfer of shares in Cemaru but the issue has since been rectified as of the Latest Practicable Date, supported by confirmations obtained from the Company's Indonesian legal advisers to the Proposed Acquisition and Cemaru's Auditors, which have confirmed that they will not be issuing a qualified opinion for the audited financial statements for FY2019. There was no such qualifications in the audited financial statements for FY2019 dated 28 April 2020.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

- (i) there are no material changes to Cemarú’s business operations since 1 January 2020 and up to the Latest Practicable Date, which would result in material impact on the overall financial performance of Cemarú;
- (ii) there is no material difference between the realizable value of Cemarú’s assets, taking into account the Valuation Report, and their respective book values as at 31 December 2019, which would result in a material impact on the NAV or the NTA of Cemarú;
- (iii) there are no liabilities which values would be materially different from those recorded in the audited statement of financial position of Cemarú as at 31 December 2019;
- (iv) there are no contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV or NTA of Cemarú as at Latest Practicable Date;
- (v) there are no litigation, claims or proceedings pending or threatened against Cemarú or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of Cemarú as at Latest Practicable Date;
- (vi) there are no intangible assets which ought to be disclosed in the statement of financial position of Cemarú as at 31 December 2019 in accordance with the generally accepted accounting principles in Indonesia and which have not been disclosed and where such intangible assets would have had a material impact on the overall financial position of Cemarú; and
- (vii) there are no material acquisitions or disposals of assets by Cemarú since 1 January 2020 and up to the Latest Practicable Date, and Cemarú does not have any plans for any impending material acquisitions or disposals of assets, conversion of the use of its material assets or material change in the nature of the business of Cemarú.

The Cemarú Shareholders have executed a deed of indemnity dated 28 April 2020 in favour of the Company for the purposes of, amongst others, indemnifying the Company and the Option Holder Nominee for any losses, liabilities or damages arising from, *inter alia*, any breach of any representations and warranties contained therein and the findings from the due diligence undertaken by Cemarú.

4.3 Assessment of the Total Consideration

4.3.1 Independent valuation of Cemarú

Kantor Jasa Penilai Publik Doli Siregar dan Rekan (“**Valuer**”) has been engaged by the Company to undertake an independent valuation of the total issued share capital of Cemarú. The valuation report dated 11 February 2020 (the “**Valuation Report**”) was prepared in accordance with the guidelines of the Indonesian Valuation Standard (SPI 2018 – Edition VII) and the Indonesian Valuation Code of Ethics (Kode Etik Penilai Indonesia).

The Valuer has assessed the market value of 100% of Cemarú to be IDR126,089,000,000 (“**Market Value**”) as at 31 October 2019 (“**Cut-Off Date**”). As such, the market value of 95% of Cemarú is IDR119,784,550,000, which is equivalent to the Option Shares Consideration.

The Valuer has defined Market Value to be the estimated amount of money which can be obtained from the buying and selling transaction or the result of an exchange of property between the buyer who is interested in buying and the seller who is interested in selling.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

In arriving at the Market Value, the Valuer has applied the following valuation approaches:

- (i) The Income Approach, which utilises discounted cash flow analysis and is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow; and
- (ii) The Asset Based Approach, which uses the adjusted book value method and adjusts all items in the statement of financial position to reflect market value at the Cut-Off Date.

The Income Approach was adopted as Cemaruru is an operating going concern, while the Asset Based Approach was also adopted as the revenue of Cemaruru is generated based on its assets which are mainly the plantation and fixed assets. The Valuer had derived the ascribed Market Value, giving equal weightage to both valuation approaches.

To the best of the belief and knowledge of the directors of Cemaruru, no material changes have occurred in respect of the production volume and operating costs since the issuance of the Valuation Report.

4.3.2 Book value of Cemaruru

The unaudited net asset value (“NAV”) and net tangible asset value (“NTA”) of Cemaruru was IDR57,020,585,872 as at 31 October 2019, being the Cut-Off Date of the Valuation Report. Based on the Valuation Report, the Valuer has assessed that the market value of the mature plants and the other fixed assets of Cemaruru to be higher. As such, we have made the following adjustments to the NAV of Cemaruru as at 31 October 2019 as follows:-

	<u>IDR</u>	<u>IDR</u>
NAV as at 31 October 2019		57,020,585,872
Adjustments for market value of:-		
Mature plants	76,885,696,031	
Fixed Assets	10,855,271,656	87,740,967,687
Revalued NAV (“RNAV”) as at 31 October 2019		144,761,553,559

The Option Shares Consideration is at a discount of 12.9% to the RNAV of 95.0% of the total share capital of Cemaruru (being attributable to the Proposed Acquisition) as at 31 October 2019.

The Loans are considered quasi-equity and for illustration purposes only, we have made further adjustment to the RNAV of Cemaruru as at 31 October 2019 on the assumption that the Loans had been converted to share capital of Cemaruru, as follows:-

	<u>IDR</u>
NAV as at 31 October 2019	57,020,585,872
Adjustments for:-	
Market Value of mature plants and fixed assets	87,740,967,687
Assumed “capitalization” of the Loans	78,864,194,533
Adjusted Revalued NAV (“Adjusted RNAV”) as at 31 October 2019	223,625,748,092

The Total Consideration is at a discount of 6.5% to the Adjusted RNAV of 95.0% of the total share capital of Cemaruru (being attributable to the Proposed Acquisition) as at 31 October 2019.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

4.3.3 Comparison with valuation multiples of selected listed comparable companies

For the purposes of assessing the Total Consideration, we have referred to the valuation statistics of selected listed companies on the SGX whose businesses are broadly comparable to the business activities of Cemarum (“Comparable Companies”), with operations predominantly in Indonesia. We have had discussions with the Directors and the Management about the suitability and reasonableness of the Comparable Companies as a basis of comparison with Cemarum.

Relevant information has been extracted from Bloomberg L.P. and the SGX website. We make no representations or warranties, express or implied, as to the accuracy or completeness of such information.

We wish to highlight that the list of Comparable Companies is not exhaustive. Furthermore, the Comparable Companies may differ from Cemarum in terms of, *inter alia*, composition of business activities, asset base, size of operations, geographical spread, clientele base, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

The following is a brief description of the Comparable Companies:

Comparable Companies	Business description	Market capitalisation as at the 9 Oct 2020 (\$ million)
Bumitama Agri Ltd. (“ BUMITAMA ”)	Bumitama Agri Ltd. produces CPO and PK, with its oil palm plantations located in Indonesia. The Company's primary business activities are cultivating and harvesting our oil palm trees, processing FFB from its oil palm plantations, its plasma plantations and third parties into CPO and PK, and selling CPO and PK in Indonesia.	841.06
First Resources Ltd (“ FIRST RESOURCES ”)	First Resources Limited produces crude palm oil. The Company is an upstream operator with primary business activities in the cultivation and harvesting of oil palms, and the processing of fresh fruit bunches into crude palm oil for local and export sales.	1,978.36
Golden Agri-Resources Ltd. (“ GAR ”)	Golden Agri-Resources Limited cultivates, harvests, processes, distributes, and sells crude palm oil and palm kernel. The Company also refines crude palm oil into cooking oil, margarine, and shortening for sale and distribution.	1,840.35

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Comparable Companies	Business description	Market capitalisation as at the 9 Oct 2020 (\$ million)
Indofood Agri Resources Ltd. (“ INDOFOOD ”)	Indofood Agri Resources Limited is an integrated agribusiness company. The Company and its subsidiaries are involved in research and development, oil palm seed breeding, oil palm cultivation and milling. Indofood Agri Resources also refines, brands and markets cooking oil, margarine, shortening and other palm oil products.	397.83
Kencana Agri Ltd (“ KENCANA ”)	Kencana Agri Ltd. produces crude palm oil and crude palm kernel oil with oil palm plantation. The Company operates a bulking terminal and logistics services for storage and transportation purpose. Kencana Agri Ltd. also operates a renewable biomass power plant to generate electricity by utilizing waste recycled from the crude palm oil process.	20.09
Wilmar International Ltd (“ WILMAR ”)	Wilmar International Ltd. is an agribusiness company. The Company is involved in oil palm cultivation, edible oils refining, oilseeds crushing, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grains processing and merchandising. Wilmar also manufactures and distributes fertilizers and owns a fleet of vessels.	29,300.86

Source: Bloomberg L.P.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

In our evaluation, we have considered the following widely used valuation measures:

Valuation Measure	Description
Enterprise Value/Hectare (“EV/Ha”)	<p>Enterprise value (“EV”) refers to the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debts (inclusive of finance lease liabilities), less its cash and cash equivalents. “Ha” stands for Hectare.</p> <p>The EV/Ha multiple is an asset-based valuation measure which illustrates the ratio of the market value of a company’s business relative to its total planted area for oil palm bearer plants and nucleus and plasma plantations, without regard to its capital structure.</p>
P/E	<p>P/E multiple or earnings multiple is an earnings-based valuation measure, and is the ratio of a company’s market capitalisation divided by the historical or trailing 12-month earnings attributable to shareholders.</p> <p>The P/E ratio is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation.</p>
P/NAV	<p>P/NAV multiple is an asset-based valuation measure, and is the ratio of a company’s share price divided by NAV per share as recorded in its financial statements.</p> <p>The NAV of a company is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests.</p> <p>The NAV figure provides an estimate of the value of a company assuming the hypothetical sale of all its assets at its book value, the proceeds of which are first used to settle liabilities and obligations, with the balance available for distribution to shareholders. Comparisons of companies using their NAVs are affected by differences in accounting policies, in particular, depreciation and amortisation policies.</p>

The valuation multiples of the Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date. The valuation multiples of Cemarua are also set out below for comparison.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

	Financial Year Ended	EV/Ha ¹ (S\$)	P/E ² (times)	P/NAV (times)
Bumitama	31 December	8,173	10.24	1.09
First Resources	31 December	11,826	14.14	1.43
GAR	31 December	11,912	16.25	0.33
Indofood	31 December	7,985	n.m. ⁶	0.41
Kencana	31 December	4,955	n.m. ⁶	1.46
Wilmar	31 December	261,969	14.43	1.31
Global Palm Resources	31 December	n.m. ⁹	n.m. ⁶	0.35
High		261,949	16.25	1.46
Low		4,955 ⁸	10.24	0.33
Median		8,173 ^{7,8}	10.24	1.09
Mean		8,970 ^{7,8}	10.24	0.91
Cemaru³ (implied by the Total Consideration)	31 December	8,195	n.m. ⁶	3.70 ⁴
				1.54 ⁵

Source: Bloomberg L.P. and financial statements posted by respective companies on the SGXNET

APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE NON-ABSTAINING DIRECTORS IN RELATION TO THE PROPOSED ACQUISITION

Notes:

1. Information on “planted hectares” was extracted from annual reports for financial year 2019, while “Enterprise Value” was based as value as at the Latest Practicable Date.
2. Trailing 12-month profit after tax is computed based on latest available announcements made by the respective Comparable Companies for the period from 1 July 2019 to 30 June 2020.
3. The multiples of Cemarú was calculated based on the audited financial statements of Cemarú as at 31 December 2019 and Total Consideration of IDR198,648,744,533. Planted hectares exclude 897.74 Ha which has been divested as part of the Indonesian government-initiated plasma programme
4. Based on the ratio of Total Consideration to NAV as at 31 December 2019
5. Based on the ratio of Total Consideration to Adjusted NAV (assuming capitalization of the Loans) as at 31 December 2019.
6. “n.m.” refers to “not meaningful” as the relevant company was loss-making.
7. Excluded Wilmar’s EV/Ha as an outlier.
8. Excluded Global Palm Resources’ EV/Ha as an outlier.
9. “n.m.” refers to “not meaningful” as the relevant company has a negative enterprise value

Based on the above, we note that:

- (a) the EV/Ha of Cemarú implied by the Total Consideration is within the range of EV/Ha multiples of the Comparable Companies and lower than the mean but higher than the median of the Comparable Companies; and
- (b) no meaningful comparison with the P/E multiples of Comparable Companies can be made in view of the loss position of Cemarú.
- (c) the P/NAV multiple of Cemarú implied by the Total Consideration is higher than the range of the P/NAV multiples of the Comparable Companies.
- (d) the P/Adjusted NAV of Cemarú implied by the Total Consideration is higher than the range of the P/NAV multiples of the Comparable Companies.

4.3.4 Precedent Transactions Analysis

We have identified and reviewed selected transactions which were announced and completed during the 24-month period preceding the Latest Practicable Date, involving the acquisitions of companies in the business of oil palm plantations which are broadly comparable to the Proposed Acquisition, and for which information is publicly available (the “**Precedent Transactions**”).

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

A brief description of the target companies in the Comparable Precedent Transactions is set out below:

Announcement Date	Target	Acquirer	Description of Target	% of equity interest acquired
12-Dec-18	PT Bima Palma Nugraha & PT Bima Agri Sawit	PT Dharma Satya Nusantara Tbk	PT Bima Palma Nugraha & PT Bima Agri Sawit are both palm oil companies located in East Kutai, East Kalimantan.	100%
26-Feb-19	PT Mitra Austral Sejahtera	PT Inti Nusa Sejahtera	PT Mitra Austral Sejahtera is principally engaged in the cultivation of oil palm and processing of crude palm oil and palm kernel in Kabupaten Sanggau, Kalimantan Barat, Indonesia.	100%
29-Apr-19	Plantation assets of Harn Len Corporation Bhd (“HLCB”)	Far East Holdings Berhad (“FEHB”)	FEHB had entered into a sale and purchase agreement with HLCB for the acquisition of land planted with oil palm trees together with all buildings and structures erected thereon.	N.A. ¹
1-Aug-20	THP-YT Plantation Sdn Bhd	TDM Berhad	THP-YT Plantation Sdn Bhd is a palm oil company which owns 2,594.50 hectares known as Bukit Bidong Estate in Setiu, Terengganu.	70%

Source: Respective companies’ announcement and company’s website

Note:

1. N.A. as the acquirer acquired the plantation assets and not the equity interest of the company holding the plantation assets and business.

We wish to highlight that the Precedent Transactions differ from the Proposed Acquisition in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Hence, the comparison of the Proposed Acquisition with the Precedent Transactions set out above is for illustration purpose only.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

A comparison of the Proposed Acquisition against the Precedent Transactions is set out below.

Announcement Date	Target	Acquirer	Purchase Consideration (S\$ million) ¹	Planted Hectare (Ha) ¹	P/Ha (S\$)
12-Dec-18	PT Bima Palma Nugraha & PT Bima Agri Sawit	PT Dharma Satya Nusantara Tbk	193.33	17,000	11,373
26-Feb-19	PT Mitra Austral Sejahtera	PT Inti Nusa Sejahtera	40.23	7,074	5,687
29-Apr-19	Plantation assets of Harn Len Corporation Bhd	Far East Holdings Berhad	59.80	2,087	28,660
1-Aug-20	THP-YT Plantation Sdn Bhd	TDM Berhad	22.55	2,307	13,963 ²

High	28,660
Low	5,687
Median	12,668
Mean	14,921

Cemaru (implied by the Total Consideration)	8,417
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Source: Respective companies' announcements

Notes:

- Based on information as announced by the acquirer and converted to SGD using the exchange rate as per the Latest Practicable Date.
- Consideration paid was for 70% of the target company. The P/Ha was based on implied purchase price for 100% of the target company divided by the planted land area

We note that the P/Ha multiple of Cemaru implied by the Total Consideration is within the range of the P/Ha multiples of the Precedent Transactions but below the median and mean of the P/Ha multiples of the Precedent Transactions.

4.4 Assessment of the Issue Price

We understand from the Company that the Issue Price was negotiated with the Cemaru Shareholders on a willing-buyer-willing-seller basis, taking into consideration the historical Share price of the Company.

APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE NON-ABSTAINING DIRECTORS IN RELATION TO THE PROPOSED ACQUISITION

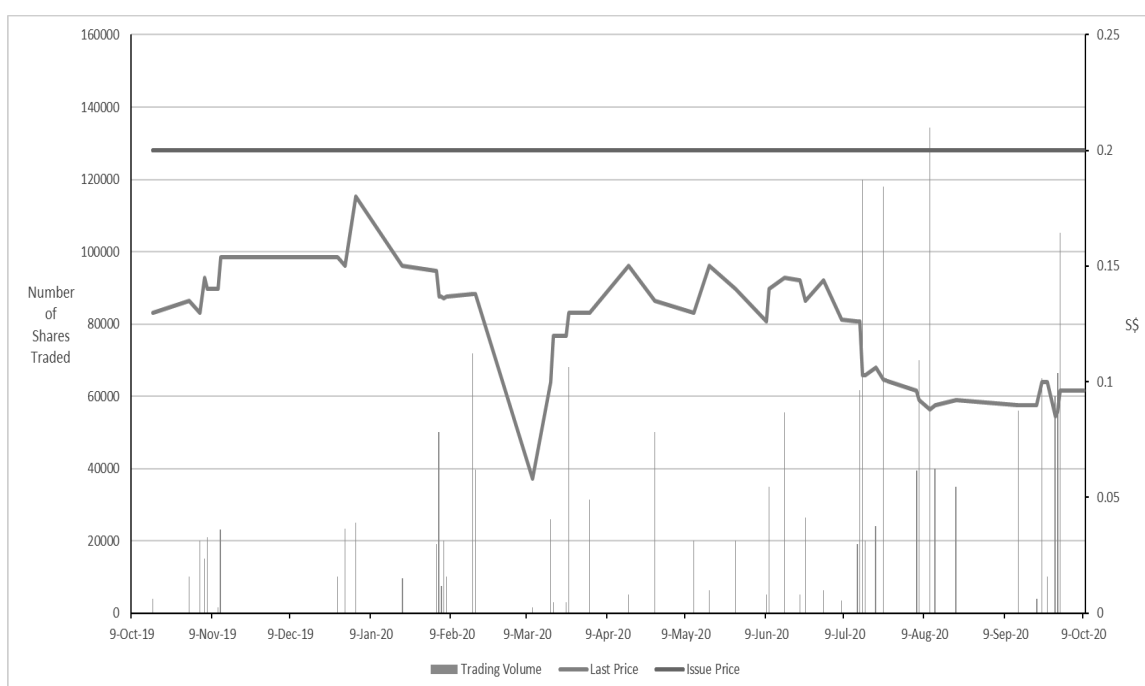
In assessing the Issue Price, we have considered the following:

- (i) the historical trading performance of the Shares; and
- (ii) PER, P/NAV and P/NTA of the Consideration Shares implied by the Issue Price.

4.4.1 Historical trading performance of the Shares

We set out below is the share price performance and trading volume chart of the Company on the SGX-ST for the one year preceding the Latest Practicable Date, being the period from 10 October 2019 to 9 Oct 2020.

Price movement and trading volume of the Shares



Source: Bloomberg L.P., based on the daily last traded price

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Prior and up to 9 October 2020	Highest Traded Price (S\$)	Lowest Traded Price (S\$)	VWAP (S\$)	Premium/(Discount) of Issue Price over/(to) VWAP (%)	No. of traded days	No. of days when the SGX-ST was opened for trading	Average daily trading volume
Last 1 month	0.100	0.079	0.091	119.8%	6	22	14,118
Last 3 months	0.130	0.070	0.097	106.2%	18	63	16,635
Last 6 months	0.150	0.070	0.104	92.3%	30	124	10,369
Last 12 months	0.180	0.058	0.113	77.0%	54	255	7,055

We observed the following:-

- (i) The Issue Price represents a premium of 108.3% above the last traded price of S\$0.096 on 30 September 2020 being the last day prior to the Latest Practicable Date when the Shares were traded;
- (ii) The Issue Price represents premia of 119.8%, 106.2%, 92.3% and 77.0% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods preceding 9 October 2020 respectively;
- (iii) The Shares were thinly traded on the SGX-ST as the average daily trading volume (based on number of days when the SGX-ST was opened for trading) was less than 17,000 Shares for the 1-month, 3-month, 6-month and 12-month periods;
- (iv) The VWAP for the 1-month, 3-month, 6-month and 12-month periods were lower than the NAV and NTA per Share as at 31 December 2019 of S\$0.27 (see Section 4.4.2 below) and the Issue Price;
- (v) The highest traded price for the 1-month, 3-month, 6-month and 12-month periods were lower than the NAV and NTA per Share as at 31 December 2019 of S\$0.27 (see Section 4.4.2 below); and
- (vi) The highest traded price for 1-month, 3-month and 6-month periods were lower than the Issue Price.

4.4.2 PER, P/NAV and P/NTA of the Consideration Shares implied by the Issue Price

Based on the Company's financial results announcement dated 28 February 2020 and 14 August 2020, the Group was loss-making for the financial year ended 31 December 2019 and 6-month period ended 30 June 2020 respectively. As such, it will not be meaningful to compute the price-earnings ratio based on the Issue Price.

The NAV and the NTA attributable to shareholders of the Company as at 30 June 2020 were IDR577,481,158,000 (or approximately S\$53.17 million) and IDR573,963,749 (or approximately S\$52.84 million) respectively. Based on the Company's outstanding Shares of 195,898,300, the NAV and NTA per Share as at 30 June 2020 was S\$0.27.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

The Issue Price of S\$0.20 represents an implied P/NAV and P/NTA ratio of 0.74 times or a discount of 25.9% to the NAV and NTA per Share.

4.5 Dilution impact arising from the issuance of the Consideration Shares on the Independent Shareholders

As at the Latest Practicable Date, the Company has 195,898,300 Shares (excluding treasury shares).

Upon completion and the issuance of the Consideration Shares, the collective shareholding interests of the Independent Shareholders will decrease from 22.45% to 17.52% as set out in the table below.

	Before the Proposed Acquisition		After the Proposed Acquisition	
	Number of Shares	%	Number of Shares	%
Independent Shareholders	43,972,400	22.45	43,972,400	17.52
GPR Investment Holdings Limited	151,743,600	77.46	151,743,600	60.44
Tan Eng Eng Jacqueline Adijanto ⁽¹⁾	182,300	0.09%	182,300	0.07%
Cemaru Shareholders	-	-	55,155,976	21.97
Total	195,898,300	100.00	251,054,276	100.00

Note:

(1) Ms Tan Eng Eng Jacqueline Adijanto is the daughter of Tan Hong Phang @Pandjijono Adijanto and the niece of Dr Tan Hong Kiat @ Suparno Adijanto, the Company's Executive Chairman and CEO.

4.6 Financial effects of the Proposed Acquisition

As extracted from section 6.4 of the Circular, the financial effects of the Proposed Acquisition on the Group are set out below. The financial effects are shown for illustrative purposes only and they do not necessarily reflect the exact future financial position and performance of the Group immediately after completion of the Proposed Acquisition. Please refer to the Circular for the assumptions used for calculating the financial effects set out below.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

(a) **NTA**

Assuming that the Proposed Acquisition had been completed on 31 December 2019, the effect of the Proposed Acquisition on the NTA per Share of the Group is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (IDR'000)	595,263,813	724,596,966 ³
Number of Shares	195,898,300	251,054,276
NTA per Share (IDR)	3,039	2,886

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$)	54,802,464	66,709,412
Number of Shares	195,898,300	251,054,276
NTA per Share (S\$ cents)	28	27

(b) **Net loss per share**

Assuming that the Proposed Acquisition had been completed on 1 January 2019, the effect of the Proposed Acquisition on the earnings per Share of the Group is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss after tax attributable to Shareholders (IDR'000)	(38,512,724)	(45,564,937)
Weighted average number of Shares	196,023,360	251,179,336
Loss per Share – basic (IDR)	(196)	(181)

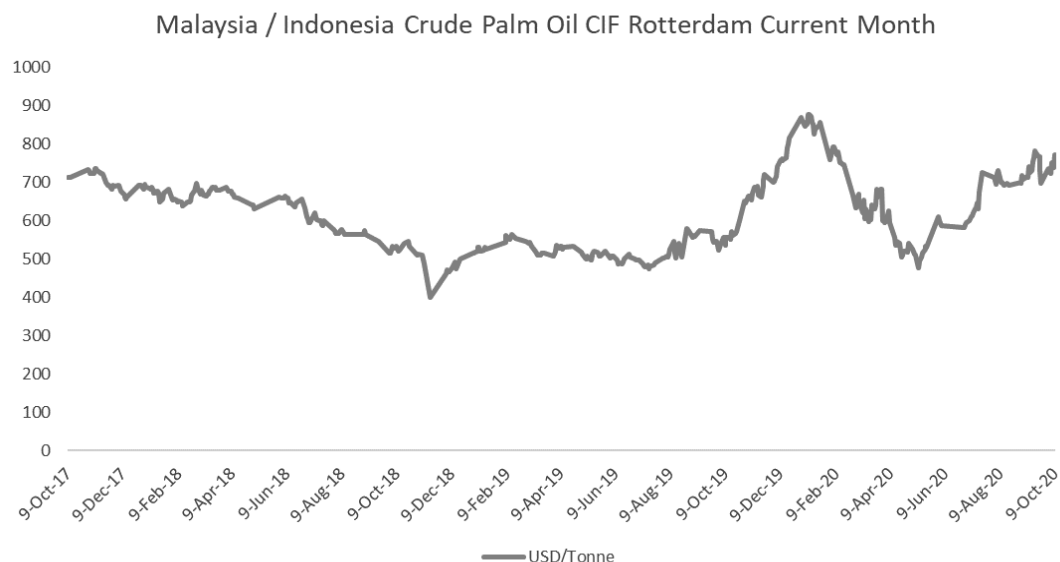
	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss after tax attributable to Shareholders (S\$)	(3,546)	(4,195)
Weighted average number of Shares	196,023,360	251,179,336
Loss per Share – basic (S\$ cents)	(2)	(2)

³ This includes the adjustment for the market value of the mature plants and fixed assets of Cemaru as ascribed by the Valuer in the Valuation report.

APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE NON-ABSTAINING DIRECTORS IN RELATION TO THE PROPOSED ACQUISITION

4.7 Other relevant considerations

4.7.1 CPO Price Trend over a period of 3 years up to the Latest Practicable Date, being the period from 10 October 2017 to the Latest Practicable Date (the “Period Under Review”)



Source: Bloomberg

It is noted that the CPO prices have been on a downtrend after the CPO price reached a high of US\$875/tonne around 2nd week of January 2020 and rebounded around the 2nd week of May 2020 before reaching the last transacted price of US\$770/tonne as at the Latest Practicable Date.

The Management is of the view that the future outlook of CPO prices will depend on the extent the fear of COVID-19 affects the global economy, impact the supply chain and the investment climate thereby impacting the economic growth, and the extent of measures undertaken by central banks and governments to stimulate their economies. Notwithstanding, the Management believes that the CPO prices will fluctuate around the current level.

5. OUR OPINION

In arriving at our opinion, we have considered the views and representations made by the Directors and the Management of the Company, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Proposed Acquisition.

We set out below a summary of the key factors we have taken into our consideration

- (a) rationale for the Proposed Acquisition;
- (b) the financial performance and condition of Cemar; and
- (c) the Option Shares Consideration is at a discount of 12.9% to the RNAV of 95% of the total share capital of Cemar (being attributable to the Proposed Acquisition) as at 31 October 2019;

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

- (d) the Total Consideration is at a discount of 6.5% to the Adjusted RNAV of 95% of the total share capital of Cemaruru (being attributable to the Proposed Acquisition) as at 31 October 2019;
- (e) the EV/Ha of Cemaruru implied by the Total Consideration is within the range of EV/Ha multiples of the Comparable Companies and lower than the mean but higher than the median of the Comparable Companies;
- (f) the P/NAV of Cemaruru implied by the Total Consideration is higher than the range of the P/NAV multiples of the Comparable Companies;
- (g) the P/Adjusted NAV of Cemaruru implied by the Total Consideration is higher than the range of the P/NAV multiples of the Comparable Companies;
- (h) the P/Ha multiple of Cemaruru implied by the Total Consideration is within the range of P/Ha multiples of the Precedent Transactions but below the median and mean of the P/Ha multiples of the Precedent Transactions ;
- (i) the Issue Price represents a premium of 108.3% above the last traded price of S\$0.096 on 30 September 2020, being the last day prior to the Latest Practicable Date when the Shares were traded;
- (j) the Issue Price represents premia of 119.8%, 106.2%, 92.3% and 77.0% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods preceding 9 October 2020 respectively;
- (k) the Shares were thinly traded on the SGX-ST as the average daily trading volume (based on number of days when the SGX-ST was opened for trading) was less than 17,000 Shares for 1-month, 3-month, 6-month and 12-month periods;
- (l) the VWAP for the 1-month, 3-month, 6-month and 12-month periods were lower than the NAV and NTA per Share as at 31 December 2019 of S\$0.27 and the Issue Price;
- (m) the highest traded price for the 1-month, 3-month, 6-month and 12-month periods were lower than the NAV and NTA per Share as at 31 December 2019 of S\$0.27;
- (n) The highest traded price for 1-month, 3-month and 6-month periods were lower than the Issue Price;
- (o) the Issue Price represents an implied P/NAV and P/NTA discount of 25.9% to the NAV and NTA per Share as at 30 June 2020 of S\$0.27;
- (p) the Post-acquisition dilution impact on Independent Shareholders;
- (q) the Financial effects of the Proposed Acquisition; and
- (r) other relevant considerations as set out in Section 4.7 of this IFA Letter.

We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

**APPENDIX A – LETTER FROM ZICO CAPITAL PTE. LTD.
TO THE NON-ABSTAINING DIRECTORS IN RELATION
TO THE PROPOSED ACQUISITION**

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that on balance, the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

In arriving at our opinion, we wish to emphasize that the Directors have not provided us with any profit projections of Cemar and we have, *inter alia*, relied on the relevant statements contained in the Circular, confirmation, advice and representation by the Directors and Management, the Valuation Report and the Company's announcement in relation to the Proposed Acquisition. In addition, the Non-Abstaining Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the commercial merits of the Proposed Acquisition, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of Proposed Acquisition vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this IFA Letter pursuant to Rules 906(1)(b) and 921(4)(a) of the Listing Manual as well as for the use of the Non-Abstaining Directors in connection with their consideration of the Proposed Acquisition, but any recommendations made by the Non-Abstaining Directors in respect of the Proposed Acquisition shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for the purposes (other than for the consideration of the Proposed Acquisition) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
ZICO Capital Pte. Ltd.

Alex Tan
Chief Executive Officer

Karen Soh-Tham
Managing Director



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& REKAN VALUERS
& PROPERTY
CONSULTANTS

Executive Summary

Kantor Jasa Penilai Publik

2.0 VALUATION REPORT OF 100,00% SHARES OF PT. CEMARU LESTARI

KJPP DOLI SIREGAR & PARTNERS | October 28th 2020

DISCLAIMER

Executive Summary - Valuation Report of 100% Shares of PT. Cemaru Lestari

- This report is confidential to and for use only by the client to whom it is addressed to and for the specific purpose to which it refers. It may be disclosed to other professional consultants assisting the client with respect to the purpose only. The client must not disclose the report to any party, thus, we accept no liability on this report to any third party for the whole or part thereof unless prior written consent is given by the valuer. The valuer has consented to the disclosure of this report to Global Palm Resources Holdings Limited and its shareholders.
- The valuer does not have any obligation to any attendance in court or to appear at any enquiry conducted by any government or statutory body or other private body related with the concerned valuation property. Prior arrangement must be made between the client and valuer if such attendance or appearance is required.
- We assume that the valuation property has been free from any legal claims. Thus, we cannot accept any responsibility for its legal validity or for other liabilities againsts the property which were unrecorded at the time of field survey.
- Determination of the number of valuation objects based on data on the realization of production provided by the client and so does the number of effective days of production.
- In conducting this valuation we did not verify the production realization data.
2.09.0042
- The value we used in this report in Indonesian currency.



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• We do not have any interest on the property being valued, both now or in the future, and the task to carry out this valuation is independent of the reported value.



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KJPP DOLI SIREGAR & PARTNERS

OCTOBER 28TH 2020

2

APPENDIX B – EXECUTIVE SUMMARY OF VALUATION REPORT



Executive Summary	
Date of Valuation	As at 31 October 2019
Background of the Engagement	<p>KJPP Doli Siregar & Partners (“DSR” or “we”) were requested by PT. Prakarsa Tani Sejati (“PTS”) on behalf of Global Palm Resources Holdings Limited to conduct a valuation of 100% shares of PT. Cemaru Lestari that will be used for the purpose of Transaction. PT. Prakarsa Tani Sejati is a wholly-owned subsidiary of Global Palm Resources Private Limited, which is in turn a wholly-owned subsidiary of Global Palm Resources Holdings Limited.</p>
Valuation Standards	<p>The Valuation Report takes into account the value of the assets held by Cemaru, and was prepared in accordance with the guidelines of the Indonesian Valuation Standard (SPI 2018 – Edition VII) and the Indonesian Valuation Code of Ethics (<i>Kode Etik Penilai Indonesia</i>). The Indonesian Valuation Standard (SPI 2018 – Edition VII) is aligned with the International Valuation Standards 2017 published by the International Valuation Standards Council, but adapted in accordance with the needs and conditions of valuations in Indonesia.</p>
Palm Oil Industry Overview	<p>Strong production and record stocks of CPO at the end of 2018 have hung over the market during the first half of 2019. Rising demand globally could still be satisfied out of accumulated stocks and so did not create any upward pressure on the price of CPO. In the short-term, sentiment on CPO prices may be driven by the monthly inventory in both Malaysia and Indonesia, as they are the main CPO producers. Consensus is bearish on CPO prices in 2018 and 2019, given the fact that estates historically produce more fruit in the second half of the year.</p>

Kantor Jasa Penilaian Publik
2.09.0042

APPENDIX B – EXECUTIVE SUMMARY OF VALUATION REPORT



	<p>Moreover, beyond the outlook for higher CPO output by both Malaysian and Indonesian estates, the market generally sees limited positive catalysts for the CPO price in the short-term, amid lack of strong demand.</p> <p>The palm oil industry is one of the key drivers of Indonesia's economy. As the world's largest exporter of Crude Palm Oil ("CPO"), the industry contributed 12% to Indonesia's total export in 2017.</p> <p>Indonesia's palm oil industry is focused on the upstream sector of CPO production. However, the downstream sector, such as production of biodiesel, has recently gained favor from the government.</p>
<p>Historical Performance and Position</p>	<p>PT. Cèmaru Lèstari has Fluctuate Gross Profit Margin between 2016 – 2018, Operating Profit Margin also fluctuated.</p> <p>The period of December 31, 2016 until December 31, 2018, Net Profit Margin ratio was still negative, indicating the company could not yet generate profits. This is likely to continue for several years if there are no investments or other corrective actions. However the company planning to escalate the yield of FFB in the future, hence can improve the profitability</p>
<p>Kantor Jasa Penilaian Publik Valuation Methodology</p>	<p>Income Approach with Discounted Cashflow Method and Asset Based Approach with Adjusted Book Value Method</p>
<p>Sources of Information</p>	<p>The source of valuation analysis is relied upon historical audited and inhouse financial performance, prospective financial information / Business Plan obtained from Management,</p>

APPENDIX B – EXECUTIVE SUMMARY OF VALUATION REPORT



	<p>Third party financial and industry sources, FFB and CPO price from West Kalimantan Plantation Government. Our conclusion is dependent on such information being complete and accurate in all material respects.</p>																
<p>Limitation</p>	<p>In conducting the valuation, we have been provided with the historical audited financial report from 2016 – 2018 and Inhouse financial report 2019 and also projection models from management, we have analysed these and utilised them as the basis of our analysis. Furthermore, we have held discussions with Management to review the assumption given by management.</p>																
<p>Key Premises</p>	<p>Revenue : The Price assumption based on local market price regulated by the government, the volume or yield assumption based on historical performance and management planning. Discount Rate : Based on Industry data from Damodaran. Operational Cost : Based on historical and management planning.</p>																
<p>Conclusion</p> <p>Kantor Jasa Penilaian 2.09.0042</p>	<p>In accordance with the basis and definition of the value used, the purpose and objectives of the valuation, as well as all relevant information that we obtain in applying the two approaches, in reconciling the indications obtained from the two approaches, we give 50% weight for Income Approach, and 50% for the Asset Approach.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Approach</th> <th>Market Value Indication</th> <th>Weighted</th> <th>Market Value</th> </tr> </thead> <tbody> <tr> <td>Income Approach</td> <td>136,369</td> <td>50%</td> <td>68,185</td> </tr> <tr> <td>Asset Approach</td> <td>115,809</td> <td>50%</td> <td>57,905</td> </tr> <tr> <td>Total Value</td> <td></td> <td></td> <td>126,089</td> </tr> </tbody> </table> <p style="text-align: right;">(In Million Rupiah)</p>	Approach	Market Value Indication	Weighted	Market Value	Income Approach	136,369	50%	68,185	Asset Approach	115,809	50%	57,905	Total Value			126,089
Approach	Market Value Indication	Weighted	Market Value														
Income Approach	136,369	50%	68,185														
Asset Approach	115,809	50%	57,905														
Total Value			126,089														



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2.09.0042

In our view, based on our analysis, the Market Value of 100% shares of PT. Cemar Lestari as at October 31st 2019 is Rp. 126.089.000.000, - (One Hundred Twenty Six Billion Eighty Nine Million Rupiahs).



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**APPENDIX C – DIAGRAMMATIC ILLUSTRATION
OF THE PROPOSED ACQUISITION**

APPENDIX C

Diagram showing shareholding in Cemaruru and Loans extended to Cemaruru prior to Completion of the Proposed Acquisition

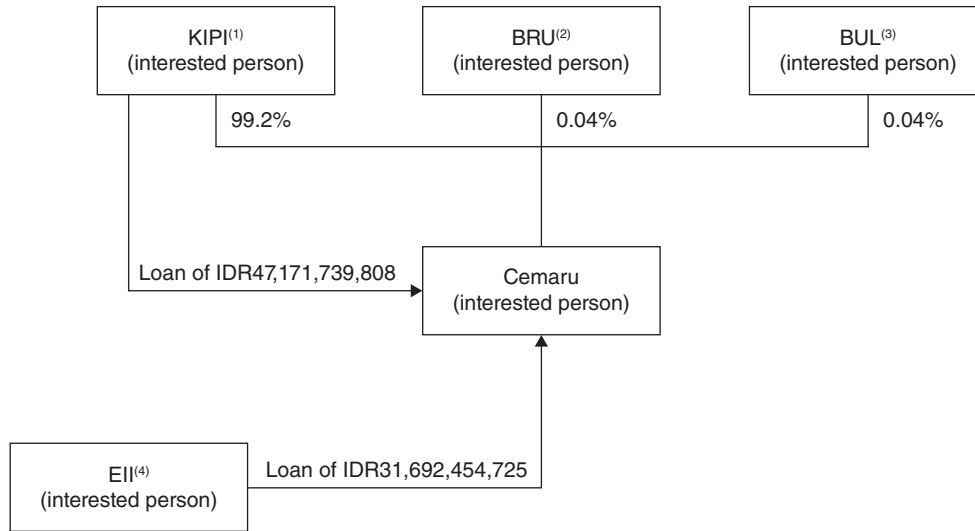
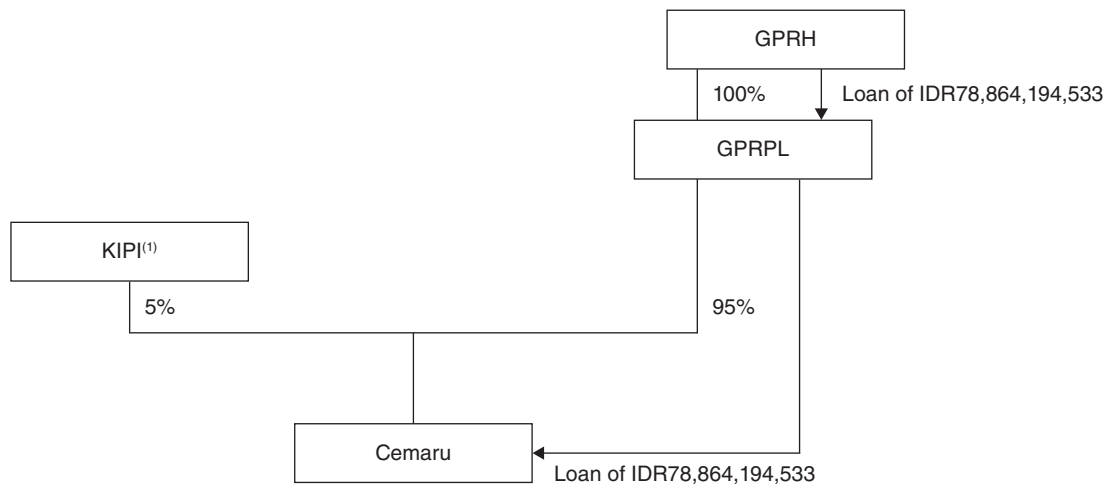


Diagram showing shareholding in Cemaruru and Loans extended to Cemaruru post-Completion of the Proposed Acquisition



Notes:

- (1) The Adjianto Siblings and Antje, the mother to the Adjianto Siblings, are shareholders of KIPI and effectively own all of the ordinary shares of KIPI, through their shareholdings in BRU and KIWI. The Adjianto Siblings and Antje are shareholders of KIWI and effectively own all of the ordinary shares of KIWI.
- (2) The Adjianto Siblings are shareholders of BRU and effectively own 95.6% of the ordinary shares of BRU, while the late Thomas Agap Lim is the owner of the remaining 4.4%³⁰.
- (3) Tan Hung Hwie @ Winoto Adjianto (an Adjianto Sibling), Tan Hong Pheng @ Pintarso Adjianto (an Adjianto Sibling) and BRU are shareholders of BUL and collectively own all of the ordinary shares of BUL.
- (4) Four of the Adjianto Siblings, Tan Hong Phang @ Pandijiono Adjianto, Tan Hung Hwie @ Winoto Adjianto, Tan Phwe Leng @ Tan Phe Lin @ Mariana Adjianto, and Tan Phe Phe @ Muriati Adjianto are shareholders of EII, together with Vicky Adjianto (the daughter of Tan Hong Pheng @ Pintarso Adjianto and niece of Dr Suparno) and Carina Danielle Adjianto (daughter of Dr Suparno). All of the aforementioned, save for Vicky Adjianto, collectively own 85.71% of the ordinary shares in EII while Vicky Adjianto owns the remaining 14.29%.

30 As at the Latest Practicable Date, the ordinary shares of BRU which are held by the late Thomas Agap Lim have not been distributed to the legal heirs in accordance with Indonesia laws.

NOTICE OF EXTRAORDINARY GENERAL MEETING

GLOBAL PALM RESOURCES HOLDINGS LIMITED

(Company Registration Number: 200921345M)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the members of Global Palm Resources Holdings Limited (the “**Company**”) will be held by way of electronic means on 12 November 2020 at 1.00 p.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following ordinary resolutions as set out below.

*All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 28 October 2020 (the “**Circular**”).*

ORDINARY RESOLUTIONS

(A) Exercise of Call Option

THAT:

- (i) contingent on the passing of Ordinary Resolution (B), approval be and is hereby given for the acquisition by the Company through GPRPL of Call Option Shares constituting 95.0% of the total issued and paid-up share capital of PT Cemarum Lestari (“**Cemaru**”) via the exercise of the Call Option, subject to the terms and conditions of the Call Option Agreement entered into between the Company and Cemaru Shareholders, such purchase, together with the Assignment of Loans referred to in Ordinary Resolution (B), being a major transaction for the purposes of Chapter 10 of the Listing Manual of the SGX-ST and an interested person transaction for the purposes of Chapter 9 of the Listing Manual of the SGX-ST; and
- (ii) the Directors of the Company and each of them (save for Dr Suparno and Mr Swandono) be and is hereby authorised to do any and all such acts and things for and on behalf of the Company (including, but not limited to, signing, executing and delivering any such documents, and negotiating, reviewing, finalising and approving amendments, alterations, modifications to any such documents as may be required or desirable in connection with this Ordinary Resolution and/or the Proposed Acquisition, including but not limited to the Transaction Documents) as such Director may, in his absolute discretion deem fit, advisable, necessary or expedient, in the interests of the Company, to give effect to the matters referred to in this Ordinary Resolution, the Proposed Acquisition and the Transaction Documents.

(B) Completion of Call Option Exercise and Assignment of Loans

THAT:

- (i) contingent on the passing of Ordinary Resolution (A), approval be and is hereby given for GPRPL to enter into the Deed of Assignment, and for the Company to transfer the funds to GPRPL for satisfaction of the Assignment Consideration, and for the Assignment of Loans from the Assignors to GPRPL subject to the terms and conditions of the Deed of Assignment, and for the completion of the exercise of the Call Option, wherein the aggregate Consideration for Assignment of the Loans and acquisition by

NOTICE OF EXTRAORDINARY GENERAL MEETING

the Company of Call Option Shares through GPRPL is a major transaction for the purposes of Chapter 10 of the Listing Manual of the SGX-ST and an interested person transaction for the purposes of Chapter 9 of the Listing Manual of the SGX-ST; and

- (ii) the Directors of the Company and each of them (save for Dr Suparno and Mr Swandono) be and is hereby authorised to do any and all such acts and things for and on behalf of the Company (including, but not limited to, signing, executing and delivering any such documents, and negotiating, reviewing, finalising and approving amendments, alterations, modifications to any such documents as may be required or desirable in connection with this Ordinary Resolution and/or the Proposed Acquisition, including but not limited to the Transaction Documents) as such Director may, in his absolute discretion deem fit, advisable, necessary or expedient, in the interests of the Company, to give effect to the matters referred to in this Ordinary Resolution, the Proposed Acquisition and the Transaction Documents.

(C) Issue and Allotment of Consideration Shares

THAT:

- (i) contingent on the passing of Ordinary Resolutions (A) and (B), the Directors of the Company be and are hereby authorised to allot and issue 55,155,976 Shares in the Share capital of the Company at an issue price of S\$0.20, based on the agreed exchange rate of 1 SGD : 10,858.71 IDR, in satisfaction of the consideration for the acquisition of the Call Option Shares; and
- (ii) the Directors of the Company and each of them (save for Dr Suparno and Mr Swandono) be and is hereby authorised to do any and all such acts and things for and on behalf of the Company (including, but not limited to, signing, executing and delivering any such documents, and negotiating, reviewing, finalising and approving amendments, alterations, modifications to any such documents as may be required or desirable in connection with this Ordinary Resolution and/or the Proposed Acquisition, including but not limited to the Transaction Documents) as such Director may, in his absolute discretion deem fit, advisable, necessary or expedient, in the interests of the Company, to give effect to the matters referred to in this Ordinary Resolution, the Proposed Acquisition and the Transaction Documents; and
- (iii) any acts, matters and things done or performed, and/or documents signed, executed, sealed or delivered by a Director in connection with the Proposed Acquisition be and are hereby approved, confirmed and ratified.

BY ORDER OF THE BOARD

Mr Yee Kit Hong
Lead Independent and Non-Executive Director
Singapore, 28 October 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) The EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 as amended on 29 September 2020 (“**COVID-19 Order**”). This Notice of EGM and the accompanying Proxy Form will also be published electronically on (i) the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>; and (ii) the Company’s corporate website at <http://www.gprholdings.com>.
- (2) Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, a quorum may be formed by two (2) members of the Company (or one (1) member if permitted by the legal instrument of the Company) personally or electronically present. A member is electronically present at the EGM if the member–
 - (a) attends the EGM electronically;
 - (b) is verified by the Company’s share registrar as attending the EGM electronically; and
 - (c) is acknowledged by electronic means by the Chairman of the EGM as present at the EGM.

Registration and Live Webcast details

- (3) Members may watch the EGM proceedings through a live webcast or live audio feed via their mobile phones, tablets or computers (the “**Live Webcast**”). To do so, shareholders need to pre-register online at https://live.motionmediaworks.com/gpr_reg_form by 1.00 p.m. on 9 November 2020 (the “**Registration Deadline**”), to enable the Company to verify their status. Following authentication of the Shareholders’ status as shareholders, authenticated Shareholders will receive email instructions on how to access the Live Webcast of the EGM proceedings by 11 November 2020. Shareholders who do not receive an email response by 1.00 p.m. on 11 November 2020 but have registered by the Registration Deadline should contact the Company for assistance at gpr_egm@gprholdings.com. Members are advised to also check the junk folder of their emails in case the emails are directed there instead of Inbox.

Non-CPF or SRS investors whose shares are registered under Depository Agents or relevant intermediaries (as defined in section 181 of the Companies Act (Chapter 50) of Singapore) must also contact their respective Depository Agents or relevant intermediaries to indicate their interest in order for their respective Depository Agents and relevant intermediaries to make the necessary arrangements for them to participate in the Live Webcast.

Members of the Company who wish to remotely observe the EGM proceedings are reminded that the EGM is private. The invitation to attend the EGM via Live Webcast is not to be forwarded to anyone who is not a member of the Company or who is not authorised to attend the EGM. Recording of the EGM proceedings is also strictly prohibited.

Voting:

- (4) Due to the current COVID-19 mandatory safe-distancing measures issued by the Singapore Ministry of Health, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. Members will not be able to vote online on the resolutions to be tabled for approval of the EGM.

In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. by 1.00 p.m. on 3 November 2020) in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf by the deadline for submission of Proxy Form. Investors who have deposited their Shares into a nominee account should also approach the Depository Agents and relevant intermediaries (as defined in section 181 of the Companies Act (Chapter 50) of Singapore) as soon as possible by the Registration Deadline if they wish to vote.

- (5) The Chairman of the EGM, as proxy, need not be a member of the Company. A Proxy Form appointing such person other than the Chairman of the EGM shall be deemed to appoint the Chairman of the EGM as proxy.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) The instrument or form appointing the Chairman of the EGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must: (a) if submitted personally or by post, be lodged at the Company's registered office at 105 Cecil Street #24-01 The Octagon Singapore 069534; or (b) if submitted electronically, be submitted via email to the Company at gpr_egm@gprholdings.com, in either case, by 1.00 p.m. on 10 November 2020 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall be treated as invalid.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email to the Company so as to reach the Company not less than forty-eight (48) hours before the time appointed for holding the EGM.

- (7) In line with the provisions under the COVID-19 Order, physical copies of the Notice of EGM, this Circular and the Proxy Form ("**Documents**") will not be despatched to Shareholders. Instead, an electronic copy of the Documents has been made available on the Company's website at <http://www.gprholdings.com> and SGXNET at <https://www.sgx.com/securities/company-announcements>.
- (8) The instrument appointing the Chairman of the EGM as proxy shall be in writing in any usual or common form (including the form approved from time to time by the CDP) or in any other form which the Directors may approve and: (i) in the case of an individual, shall be signed by the appointor or his attorney if the instrument of proxy appointing the Chairman of the EGM as proxy is delivered personally or sent by post, or authorised by that individual through such method and in such manner as may be approved by the Directors if the instrument is submitted by electronic communication; and (ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy appointing the Chairman of the EGM as proxy is delivered personally or sent by post, or authorised by that corporation through such method and in such manner as may be approved by the Directors if the instrument of proxy appointing the Chairman of the EGM as proxy is submitted by electronic communication.
- (9) Where an instrument appointing the Chairman of the EGM as proxy is submitted by email, it must be authorised in the following manner:
- (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an attorney or duly authorised officer of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an attorney or duly authorised officer of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
- (10) In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by the CDP to the Company.

Submission of questions prior to the EGM

- (11) Members may also submit questions related to the EGM ahead of the EGM through any one of the following means:
- (a) by electronic mail to gpr_egm@gprholdings.com; or
 - (b) by posting a physical copy to the Company's registered office at 105 Cecil Street #24-01 The Octagon Singapore 069534,
- no later than 1.00 p.m. on 9 November 2020.
- (12) If the questions are posted in physical copy to the Company's registered office at 105 Cecil Street, #24-01 The Octagon, Singapore 069534 or sent via electronic mail, and in either case not accompanied by the completed and executed Proxy Form, the following details must be included with the submitted questions:
- (a) the Shareholder's full name;
 - (b) address;
 - (c) number of Shares held; and
 - (d) the manner in which the Shareholder holds Shares (e.g. CDP, CPF or SRS).
- (13) The Company and the Board will endeavour to address all substantial and relevant questions submitted before the deadline at the EGM or via SGXNET prior to the EGM, and all responses to such substantial and relevant questions received will be published on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <http://www.gprholdings.com> after the EGM.
- (14) Please note that members will not be able to ask questions at the EGM during the Live Webcast, and therefore it is important for members to register and submit their questions in advance of the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy

- (15) By submitting the Proxy Form appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, or a preregistration for the Live Webcast, or submission of any question prior to the EGM in accordance with this Notice of EGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the Live Webcast to observe the proceedings of the EGM and providing them with any technical assistance where necessary, addressing substantial and relevant questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"). In addition, by attending the EGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for any of the Purposes.
- (16) Photographic, sound and/or video recordings of the EGM may be made by the Company for record-keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member (such as his name, his presence at the EGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

PROXY FORM

GLOBAL PALM RESOURCES HOLDINGS LIMITED

(Company Registration No. 200921345M)
(Incorporated in the Republic of Singapore)

PROXY FORM

Extraordinary General Meeting

(Please see notes overleaf before completing this form)

IMPORTANT:

1. Due to the current COVID-19 mandatory safe-distancing measures issued by the Singapore Ministry of Health, a member of the Company will not be able to attend the EGM in person. The extraordinary general meeting of the Company (the "EGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended on 29 September 2020) (the "Order").
2. Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the EGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions and voting by appointing the Chairman of the EGM as proxy at the EGM, as set out in the Notice of EGM dated 28 October 2020 and in the Company's announcement dated 28 October 2020 (the "Announcement"). The Announcement may be accessed at the Company's website at <http://www.gprholdings.com> and the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.
3. A member (whether individual or corporate and including a relevant intermediary as defined in section 181 of the Companies Act (Chapter 50) of Singapore) must appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
4. For investors who have used their CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") to buy shares in the Company, this Circular is forwarded to them at the request of their CPF Agent Banks and/or SRS Operators (as the case may be) and is sent for their information only.
5. CPF Investors or SRS Investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. by 1.00 p.m. on 3 November 2020) in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf by the deadline for submission of Proxy Form at 1.00 p.m. on 10 November 2020, being 48 hours before the EGM.
6. This Proxy Form is not valid for use by such CPF Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
7. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 28 October 2020.

I/We* _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members* of GLOBAL PALM RESOURCES HOLDINGS LIMITED (the "Company") hereby appoint the Chairman of the Extraordinary General Meeting of the Company ("EGM") as my/our* proxy to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll, at the EGM of the Company to be held by way of electronic means on 12 November 2020 at 1.00 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for/against* the Ordinary Resolutions to be passed at the EGM as indicated below by way of a poll. If no specific direction as to voting is given, or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM as my/our* proxy will be treated as invalid.

Ordinary Resolutions	No. of votes for**	No. of votes against**
(A) Exercise of Call Option		
(B) Completion of Call Option Exercise and Assignment of Loans		
(C) Issue and Allotment of Consideration Shares		

** If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

Total number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal

*Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

NOTES:

1. Terms not defined herein have the meanings ascribed to them in the circular to the shareholders of the Company dated 28 October 2020.
2. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
3. Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (amended on 29 September 2020), the Company may provide for members to appoint the Chairman of the EGM as their proxy to vote at the EGM by submitting a Proxy Form to appoint the Chairman of the EGM to vote on his/her/its behalf.
4. Members will not be able to vote online on the resolutions to be tabled for approval at the EGM. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.
5. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
6. The Chairman of the EGM, as proxy, need not be a member of the Company. This Proxy Form may be accessed at the Company's website at <http://www.gprholdings.com>, and SGXNET at <https://www.sgx.com/securities/company-announcements>.
7. The instrument appointing the Chairman of the EGM as proxy should be completed, signed and submitted to the Company through any one of the following means:
 - (a) if submitted personally or by post, be lodged at the Company's registered office at 105 Cecil Street, #24-01 The Octagon, Singapore 069534; or
 - (b) if submitted electronically, be scanned and submitted via email to the Company at gpr_egm@gprholdings.com,in either case, no later than **forty-eight (48) hours before the time appointed for holding the EGM (i.e. by 1.00 p.m. on 10 November 2020)** and in default the instrument of proxy shall be treated as invalid.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed Proxy Forms by post, members of the Company are strongly encouraged to submit completed Proxy Forms electronically via email to the Company so as to reach the Company not less than forty-eight (48) hours before the time appointed for holding the EGM.
8. The instrument appointing the Chairman of the EGM as proxy shall be in writing in any usual or common form (including the form approved from time to time by the CDP) or in any other form which the Directors may approve and: (i) in the case of an individual, shall be signed by the appointor or his attorney if the instrument of proxy appointing the Chairman of the EGM as proxy is delivered personally or sent by post, or authorised by that individual through such method and in such manner as may be approved by the Directors if the instrument is submitted by electronic communication; and (ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy appointing the Chairman of the EGM as proxy is delivered personally or sent by post, or authorised by that corporation through such method and in such manner as may be approved by the Directors if the instrument of proxy appointing the Chairman of the EGM as proxy is submitted by electronic communication.
9. Where an instrument appointing the Chairman of the EGM as proxy is submitted by email, it must be authorised in the following manner:
 - (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an attorney or duly authorised officer of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an attorney or duly authorised officer of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
10. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with section 179 of the Companies Act (Chapter 50) of Singapore.
11. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy.
12. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by the CDP to the Company.
13. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. by 1.00 p.m. on 3 November 2020) in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by the deadline for submission of the Proxy Form.
14. **Members should note that after the deadline for the submission of Proxy Forms (the deadline being 1.00 p.m. on 10 November 2020, i.e. forty-eight (48) hours before the time of the EGM) they will not be able to change their votes as indicated in the box provided in the Proxy Form above.**
15. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.