

## APPENDIX DATED 6 APRIL 2018

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Appendix is circulated to the shareholders (the “**Shareholders**”) of Bumitama Agri Ltd. (the “**Company**”) together with the Annual Report 2017 (as defined herein). The purpose of this Appendix is to explain to the Shareholders the rationale and to provide information pertaining to (a) the proposed renewal of the Shareholders’ Mandate for IOI Transactions (as defined herein); and (b) the proposed renewal of the Shareholders’ Mandate for SNA Transactions (as defined herein), and to seek Shareholders’ approval of the same at the Annual General Meeting of the Company to be held on **23 April 2018 at 10.30 a.m. at Raffles City Convention Centre, Orchard Room, Level 4, 80 Bras Basah Road, Singapore 189560.**

The Notice of Annual General Meeting of the Company and the relevant proxy form are enclosed with the Annual Report 2017.

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2017 (including the Notice of Annual General Meeting of the Company and the relevant proxy form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“**CPF**”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the contents of this document including the correctness of any of the statements made, reports contained or opinions expressed in this document.



### **BUMITAMA AGRI LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200516741R)

#### **APPENDIX TO THE ANNUAL REPORT 2017**

#### **IN RELATION TO**

- (A) THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES; AND**
- (B) THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE SNA GROUP**



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## DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

- “AGM”** : Annual general meeting of the Company. Unless the context otherwise requires, **“AGM”** shall refer to the annual general meeting to be held on 23 April 2018
- “Annual Report 2017”** : The Company’s annual report for the financial year ended 31 December 2017
- “Appendix”** : This appendix to the Annual Report 2017
- “Associate”** : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being 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 substantial shareholder or a controlling shareholder (being 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
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
- “Audit Committee”** : The audit committee of the Company, currently comprising Mr. Tan Boon Hoo, Mr. Chua Chun Guan Christopher and Mr. Lee Lap Wah George
- “BAS”** : PT Berkas Agro Sawitindo
- “BGA”** : PT Bumitama Gunajaya Agro
- “Board”** : The board of Directors of the Company as at the date of this Appendix
- “CDP”** : The Central Depository (Pte) Limited
- “CEO”** : Chief Executive Officer

<b>“Company”</b>	:	Bumitama Agri Ltd.
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or</li> <li>(b) in fact exercises control over a company</li> </ul>
<b>“CPO”</b>	:	Crude palm oil
<b>“Directors”</b>	:	The directors of the Company as at the date of this Appendix
<b>“FFB”</b>	:	Fresh palm fruit bunches
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Hariyantos”</b>	:	Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto
<b>“IOI Corporation”</b>	:	IOI Corporation Berhad
<b>“IOI Group”</b>	:	IOI Corporation Berhad and its subsidiaries
<b>“Latest Practicable Date”</b>	:	7 March 2018, being the latest practicable date prior to the printing of this Appendix
<b>“Listing Manual” or “Listing Rules”</b>	:	The rules of the listing manual of the SGX-ST applicable to an entity listed on the SGX-Mainboard, as amended or modified from time to time
<b>“Notice”</b>	:	The Notice of Annual General Meeting dated 6 April 2018
<b>“PK”</b>	:	Palm kernel
<b>“Prospectus”</b>	:	The Company’s prospectus dated 3 April 2012
<b>“Securities Account”</b>	:	A securities account maintained by a depositor with CDP, but does not include a securities sub-account maintained with a depository agent
<b>“Securities and Futures Act”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-Mainboard”</b>	:	The Mainboard of the SGX-ST

<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares, mean the persons whose Securities Accounts maintained with CDP are credited with the Shares
<b>“Shares”</b>	:	Ordinary shares in the share capital of the Company
<b>“SNA”</b>	:	PT Sawit Nabati Agro
<b>“SNA Group”</b>	:	PT Sawit Nabati Agro and PT Berkat Agro Sawitindo and their subsidiaries
<b>“Substantial Shareholder”</b>	:	A Shareholder who has an interest in not less than 5% of the issued Shares
<b>“IDR”</b>	:	Indonesian Rupiah
<b>“S\$” and “cents”</b>	:	Dollars and cents respectively of the currency of Singapore
<b>“US\$”</b>	:	United States Dollars
<b>“%” or “per cent”</b>	:	Per centum or percentage

The terms **“depositor”**, **“depository agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in Section 81 SF of the Securities and Futures Act. The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

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

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

# LETTER TO SHAREHOLDERS

## BUMITAMA AGRI LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200516741R)

### Board of Directors:

Mr. Lim Gunawan Hariyanto (Executive Chairman and CEO)  
Ms. Lim Christina Hariyanto (Executive Director)  
Dato' Lee Yeow Chor (Non-Executive Director)  
Mr. Tan Boon Hoo (Lead Independent Director)  
Mr. Chua Chun Guan Christopher (Independent Director)  
Mr. Lee Lap Wah George (Independent Director)

### Registered Office:

10 Anson Road,  
#11-19, International Plaza,  
Singapore 079903

6 April 2018

To: The Shareholders of the Company

Dear Sir/Madam

- (A) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES (THE "SHAREHOLDERS' MANDATE FOR IOI TRANSACTIONS")**; AND
- (B) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE SNA GROUP (THE "SHAREHOLDERS' MANDATE FOR SNA TRANSACTIONS")**

## 1. INTRODUCTION

The Directors of the Company propose to table the renewal of the Shareholders' Mandate for IOI Transactions and the renewal of the Shareholders' Mandate for SNA Transactions at the forthcoming AGM of the Company to be held on 23 April 2018 at 10.30 a.m. at Raffles City Convention Centre, Orchard Room, Level 4, 80 Bras Basah Road, Singapore 189560.

The purpose of this Appendix, which is circulated together with the Annual Report 2017, is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Shareholders' Mandate for IOI Transactions and the proposed renewal of the Shareholders' Mandate for SNA Transactions.

## 2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR IOI TRANSACTIONS

### 2.1 Background

The Company was admitted to the Official List of the SGX-ST in April 2012.

Information as required under Rule 920(1)(b) of the Listing Manual on certain interested person transactions to be entered into between the Group and the SNA Group with IOI Corporation and its associates have been disclosed on pages 221 to 229 of the Prospectus.

As such, under Rule 920(2) of the Listing Manual, the Company may treat a general mandate, i.e. the Shareholders' Mandate for IOI Transactions, as having been given with respect to such interested person transactions.

The Shareholders' Mandate for IOI Transactions was last renewed at the AGM of the Company held on 21 April 2017, and is thus effective until the forthcoming AGM of the Company to be held on 23 April 2018.

In the premises, the approval of the Shareholders is sought for a renewal of the Shareholders' Mandate for IOI Transactions at the forthcoming AGM. If approved by the Shareholders at the forthcoming AGM, the Shareholders' Mandate for IOI Transactions will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM or the date by which the next AGM is required by law to be held.

## **2.2 Changes to the Shareholders' Mandate for IOI Transactions**

The particulars of the interested person transactions in respect of which the Shareholders' Mandate for IOI Transactions is sought to be renewed remain unchanged.

## **2.3 Details of the Shareholders' Mandate for IOI Transactions**

Details of the Shareholders' Mandate for IOI Transactions, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information required by Chapter 9 of the Listing Manual are set out in Annexure I to this Appendix.

## **2.4 Abstention from Voting**

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and the Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the appointing Shareholders. As such, IOI Corporation and its associates shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for IOI Transactions.

## **2.5 Audit Committee Statement**

The Audit Committee of the Company comprising Mr. Tan Boon Hoo, Mr. Chua Chun Guan Christopher and Mr. Lee Lap Wah George has reviewed the terms of the renewal of the Shareholders' Mandate for IOI Transactions and has confirmed that:

- (a) the methods or procedures for determining the transaction prices of the interested person transactions under the Shareholders' Mandate for IOI Transactions have not changed since the AGM of the Company held on 21 April 2017; and
- (b) the methods or procedures for determining the transaction prices of the interested person transactions under the Shareholders' Mandate for IOI Transactions are sufficient to ensure that such interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## **2.6 Directors' Recommendation**

Having fully considered, *inter alia*, the scope, guidelines and review procedures, the rationale and the benefits of the Shareholders' Mandate for IOI Transactions, the Directors who are considered to be independent for the purposes of the proposed renewal of the Shareholders' Mandate for IOI Transactions (being Mr. Lim Gunawan Hariyanto, Ms. Lim



Christina Hariyanto, Mr. Tan Boon Hoo, Mr. Chua Chun Guan Christopher and Mr. Lee Lap Wah George) are of the view that the Shareholders' Mandate for IOI Transactions is in the interest of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 9, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate for IOI Transactions, at the forthcoming AGM.

### **3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR SNA TRANSACTIONS**

#### **3.1 Background**

As mentioned above, the Company was admitted to the Official List of the SGX-ST in April 2012.

Information as required under Rule 920(1)(b) of the Listing Manual on certain interested person transactions to be entered into between the Group and the SNA Group have been disclosed on pages 229 to 234 of the Prospectus.

As such, under Rule 920(2) of the Listing Manual, the Company may treat a general mandate, i.e. the Shareholders' Mandate for SNA Transactions, as having been given with respect to such interested person transactions.

The Shareholders' Mandate for SNA Transactions was last renewed at the AGM of the Company held on 21 April 2017, and is thus effective until the forthcoming AGM of the Company to be held on 23 April 2018.

In the premises, the approval of the Shareholders is sought for a renewal of the Shareholders' Mandate for SNA Transactions at the forthcoming AGM. If approved by the Shareholders at the forthcoming AGM, the Shareholders' Mandate for SNA Transactions will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM or the date by which the next AGM is required by law to be held.

#### **3.2 Changes to the Shareholders' Mandate for SNA Transactions**

The particulars of the interested person transactions in respect of which the Shareholders' Mandate for SNA Transactions is sought to be renewed remain unchanged.

#### **3.3 Details of the Shareholders' Mandate for SNA Transactions**

Details of the Shareholders' Mandate for SNA Transactions, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information required by Chapter 9 of the Listing Manual are set out in Annexure II to this Appendix.

#### **3.4 Abstention from Voting**

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and the Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the appointing Shareholders. As such, IOI Corporation and its associates, as well as the Hariyantos and their associates, shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for SNA Transactions.

### 3.5 Audit Committee Statement

The Audit Committee of the Company comprising Mr. Tan Boon Hoo, Mr. Chua Chun Guan Christopher and Mr. Lee Lap Wah George has reviewed the terms of the renewal of the Shareholders' Mandate for SNA Transactions and has confirmed that:

- (a) the methods or procedures for determining the transaction prices of the interested person transactions under the Shareholders' Mandate for SNA Transactions have not changed since the AGM of the Company held on 21 April 2017; and
- (b) the methods or procedures for determining the transaction prices of the interested person transactions under the Shareholders' Mandate for SNA Transactions are sufficient to ensure that such interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### 3.6 Directors' Recommendation

Having fully considered, *inter alia*, the scope, guidelines and review procedures, the rationale and the benefits of the Shareholders' Mandate for SNA Transactions, the Directors who are considered to be independent for the purposes of the proposed renewal of the Shareholders' Mandate for SNA Transactions (being Mr. Tan Boon Hoo, Mr. Chua Chun Guan Christopher and Mr. Lee Lap Wah George) are of the view that the Shareholders' Mandate for SNA Transactions is in the interest of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate for SNA Transactions, at the forthcoming AGM.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,757,531,844 Shares, of which 17,707,900 Shares are held by the Company as treasury shares. The interests of the Directors and the Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Lim Gunawan Hariyanto <sup>(2)</sup>	–	–	903,157,774	51.911
Lim Christina Hariyanto	–	–	–	–
Tan Boon Hoo	–	–	–	–
Dato' Lee Yeow Chor <sup>(3)</sup>	–	–	556,672,070	31.996
Chua Chun Guan Christopher	450,000	0.026	–	–
Lee Lap Wah George	–	–	–	–

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Substantial Shareholders</b>				
Wellpoint Pacific Holdings Ltd <sup>(2)(4)</sup>	903,157,774	51.911	–	–
Oakridge Investments Pte Ltd <sup>(3)</sup>	535,050,070	30.753	–	–
Fortune Corp Limited <sup>(2)</sup>	–	–	903,157,774	51.911
Fortune Holdings Limited <sup>(2)</sup>	–	–	903,157,774	51.911
Lim Hariyanto Wijaya Sarwono <sup>(2)</sup>	–	–	903,157,774	51.911
IOI Corporation Berhad <sup>(3)</sup>	–	–	556,672,070	31.996
Vertical Capacity Sdn Bhd <sup>(3)</sup>	–	–	556,672,070	31.996
Progressive Holdings Sdn Bhd <sup>(3)</sup>	–	–	556,672,070	31.996
Tan Sri Dato' Lee Shin Cheng <sup>(3)</sup>	–	–	556,672,070	31.996
Puan Sri Datin Hoong May Kuan <sup>(3)</sup>	–	–	556,672,070	31.996
Lee Yeow Seng <sup>(3)</sup>	–	–	556,672,070	31.996

**Notes:**

- (1) Percentages are based on the issued share capital of the Company of 1,739,823,944 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto is deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd, a wholly owned subsidiary of Fortune Holdings Limited, by virtue of his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd by virtue of its 100% shareholding interest in Wellpoint Pacific Holdings Ltd.
- (3) Tan Sri Dato' Lee Shin Cheng, Puan Sri Datin Hoong May Kuan, Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte Ltd (535,050,070 Shares) and Lynwood Capital Resources Pte Ltd (21,622,000 Shares), each a subsidiary of IOI Corporation Berhad, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd. Progressive Holdings Sdn Bhd is deemed to be interested in the Shares held by Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd by virtue of its 100% shareholding interest in Vertical Capacity Sdn Bhd. Vertical Capacity Sdn Bhd is deemed to be interested in the Shares held by Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd by virtue of its shareholding interest in IOI Corporation Berhad. IOI Corporation Berhad is in turn deemed to be interested in the Shares held by Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd by virtue of its 100% shareholding interest in each of Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd.
- (4) Includes 154,000,000 Shares which are held through bank nominees.

## 5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2017, will be held on 23 April 2018 at 10.30 a.m. at Raffles City Convention Centre, Orchard Room, Level 4, 80 Bras Basah Road, Singapore 189560, for the purpose of considering, and if thought fit, passing with or without any modifications the ordinary resolution set out in the Notice of AGM.

## **6. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 10 Anson Road, #11-19, International Plaza, Singapore 079903 not less than 48 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he wishes to do so.

A depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the AGM.

## **7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the matters stated in this Appendix, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 Appendix in its proper form and context.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**BUMITAMA AGRI LTD.**

**Lim Gunawan Hariyanto**  
Executive Chairman and CEO

## SHAREHOLDERS' MANDATE FOR IOI TRANSACTIONS

### 1. CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual (“**Chapter 9**”) applies to transactions which an entity at risk proposes to enter into with a counterparty who is an interested person of the listed company. Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, Shareholders’ approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

Pursuant to Listing Rule 905, a listed company must make an immediate announcement of any such transaction where:

- (a) the value of such transaction is equal to or exceeds 3% of the group’s latest audited net tangible assets; or
- (b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 3% of the group’s latest audited net tangible assets.

Pursuant to Listing Rule 906, shareholders’ approval is required for any such transaction where:

- (a) the value of such transaction is equal to or exceeds 5% of the group’s latest audited net tangible assets; or
- (b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 5% of the group’s latest audited net tangible assets. Such aggregation need not include 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.

Interested person transactions below S\$100,000 each are to be excluded.

Chapter 9 allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. However, these transactions may not include the purchase or sale of assets, undertakings or businesses.

As defined in the Listing Manual:

- (a) an “entity at risk” means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) 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;

- (b) an “interested person” means:
  - (i) a director, chief executive officer or controlling shareholder of the listed company;  
or
  - (ii) an associate of such director, chief executive officer or controlling shareholder.
- (c) an “associate” means:
  - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
    - (aa) an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent);
    - (bb) 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
    - (cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
  - (ii) in relation to a substantial shareholder or a controlling shareholder (being 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;
- (d) an “interested person transaction” means a transaction between an entity at risk and an interested person; and
- (e) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles of Chapter 9.

## **2. CLASSES OF INTERESTED PERSONS**

The Shareholders’ Mandate for IOI Transactions will apply to each of the Group’s and the SNA Group’s transactions with IOI Corporation, one of the Company’s Controlling Shareholders, and its associates.

Transactions between IOI Corporation and its associates and each of the Group and the SNA Group which do not fall within the ambit of the proposed Shareholders’ Mandate for IOI Transactions shall be subject to the relevant provisions of Chapter 9. In particular, if such transactions are of an aggregate value equal to or more than 5% of the Group’s latest audited net tangible assets, future transactions of such a nature will be subject to Shareholders’ approval before they can be entered into.

### 3. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The on-going transactions that will be covered by the Shareholders' Mandate for IOI Transactions are as follows:

- (a) provision of management services by IOI Corporation and its associates to the SNA Group pursuant to the management service agreement entered into between IOI Corporation and SNA in May 2011 and renewed on the same terms by a new management service agreement entered into between IOI Plantation Services Sdn Bhd and SNA in July 2015. Such management services may include, without limitation, general management and administrative assistance in areas such as treasury, human resources, legal, and such other general assistance as may be mutually agreed upon by IOI Corporation and SNA;
- (b) sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation and its associates to each of the Group and the SNA Group; and
- (c) sale of plantation produce (such as CPO and PK) by each of the Group and the SNA Group to IOI Corporation and its associates.

### 4. DISCLOSURE IN ANNUAL REPORT

The Company is required, under Listing Rule 920(1)(a)(i), to disclose in its annual report the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for IOI Transactions during the current financial year, as well as in the annual reports for the subsequent financial years during which the Shareholders' Mandate for IOI Transactions is in force. The name of the interested person and the corresponding aggregate value of the interested person transactions will be presented in the following format:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the Shareholders' Mandate for IOI Transactions pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate for IOI Transactions pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S\$100,000)
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### 5. RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATE FOR IOI TRANSACTIONS

The Group had in the past entered into various trade arrangements with the IOI Group for the sale of seeds by the IOI Group to the Group, and the sale of CPO by the Group to IOI Corporation. While the Group does not have any existing trade arrangements with the IOI Group as at the Latest Practicable Date, going forward, the Group intends to engage in similar trades with the IOI Group on a recurring basis. Such recurring transactions are likely to occur with some degree of frequency and arise at any time and from time to time.

SNA and BAS are subsidiaries of IOI Corporation, with IOI Corporation owning a 67% stake (through Oleander Capital Resources Pte Ltd) in each of SNA and BAS. SNA and BAS are also wholly managed by IOI Corporation. As such, IOI Corporation and its associates had entered, and will enter into, various transactions with the SNA Group, such as for the provision of management services, funding or procurement.



The transactions with IOI Corporation and its associates are entered into or to be entered into by the SNA Group in the ordinary course of its business and/or which are necessary for its day-to-day operations. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time.

The Directors believe that each of the Group and the SNA Group will be able to benefit from its transactions with IOI Corporation and its associates. In particular, the SNA Group is currently a relatively small player in the oil palm industry in Indonesia, and requires, and will in the near future continue to require, support from IOI Corporation and its associates in relation to agronomy and technical matters and the financing of its operations. Such support will be indirectly of benefit to the Company in view of its 28% equity interest in the SNA Group.

The Shareholders' Mandate for IOI Transactions and the renewal of the Shareholders' Mandate for IOI Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with IOI Corporation and its associates arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to each of the Group and the SNA Group.

The Shareholders' Mandate for IOI Transactions is intended to facilitate transactions in the normal course of business which each of the Group and the SNA Group transacted from time to time with IOI Corporation and its associates, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Shareholders (other than the IOI Group).

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate for IOI Transactions during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate for IOI Transactions is in place.

## **6. METHODS AND PROCEDURES FOR DETERMINING TRANSACTION PRICES**

The following guidelines have been put in place to ensure that transactions between IOI Corporation and its associates and each of the Group and the SNA Group are conducted on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies:

### **(a) Provision of management services by IOI Corporation and its associates to the SNA Group**

While the fees for the provision of management services by IOI Corporation and its associates to the SNA Group will be on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

The IOI Group presently provides certain management services, which involves general management and administrative assistance in areas such as treasury, human resources, legal, and such other general assistance as may be mutually agreed upon by IOI Corporation and SNA. The fees payable to the IOI Group for these services were determined on a cost recovery basis and are presently agreed at US\$2.20 per hectare per month, US\$150 per operating unit per month, US\$1.00 per tonne of CPO and PK



produced and 2% on the gross sales proceeds of CPO and PK, with the quantum of such fees being subject to annual review. The IOI Group shall also be reimbursed for all incidental costs and out-of-pocket expenses properly incurred in providing the management services.

**(b) Sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation and its associates to each of the Group and the SNA Group**

In determining the selling price for the sale of raw materials by IOI Corporation and its associates to each of the Group and the SNA Group, at least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The price shall not be higher than two of the most competitive price quotes from the independent parties. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

**(c) Sale of plantation produce (such as CPO and PK) by each of the Group and the SNA Group to IOI Corporation and its associates**

For spot sales, the selling price for the sale of plantation produce by each of the Group and the SNA Group to IOI Corporation and its associates will be based on external reference quoted prices in Indonesia, Malaysia or Rotterdam (depending on the shipment destination), with appropriate adjustments for location and quality of plantation produce.

For sales of CPO via forward contracts between the Group and IOI Corporation and its associates, the selling price for the sale of CPO by the Group to IOI Corporation and its associates will be based on the forward index prices obtained from the Bursa Malaysia Derivatives Berhad at the time the forward contract is entered into, with a discount of US\$5 per metric tonne (the “**IOI Forward Contract Price**”). At least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The IOI Forward Contract Price shall not be lower than two of the most competitive price quotes from the independent parties, where available. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

## **7. REVIEW PROCEDURES**

### Transactions between IOI Corporation and its associates and the Group

The Audit Committee shall review internal audit reports to ascertain that the above guidelines have been complied with in relation to all transactions between IOI Corporation and its associates and the Group. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between IOI Corporation and its associates and the Group are conducted on normal commercial terms, and the Company shall obtain a fresh mandate from its Shareholders if the Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from the Shareholders, all transactions between IOI Corporation and its associates and the Group will be subject to the prior review and approval of the Audit Committee.

Designated persons of the Group are required to submit details of all transactions entered into between IOI Corporation and its associates and the Group immediately to the Company’s Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A “Nil” return is expected if there is no transaction

between IOI Corporation and its associates and the Group for a previous quarter. The Company's Chief Financial Officer will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers will be updated quarterly based on the submissions by the designated persons.

The Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

The internal audit plan will incorporate a review of all transactions between IOI Corporation and its associates and the Group entered into in the relevant financial year pursuant to the Shareholders' Mandate for IOI Transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. Such compliance review will be performed by the Company's internal auditors, being the Group's in-house internal audit department, on an annual basis and the annual report on such transactions will be forwarded to the Audit Committee. The Company's internal auditors shall assist the Audit Committee in the review, and carry out such tests as they deem necessary on the transactions between IOI Corporation and its associates and the Group entered into pursuant to the Shareholders' Mandate for IOI Transactions. As part of the Company's annual audit, the Company's external auditors will review the transactions between IOI Corporation and its associates and the Group entered into pursuant to the Shareholders' Mandate for IOI Transactions on a sampling basis. The Company's external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample.

The Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between IOI Corporation and its associates and the Group are on normal commercial terms which will not be prejudicial to the interests of the Company and its Shareholders (other than the IOI Group).

#### Transactions between IOI Corporation and its associates and the SNA Group

The management of SNA shall provide details of all transactions between IOI Corporation and its associates and the SNA Group to the Company's Chief Financial Officer on a quarterly basis. The Company's Chief Financial Officer will maintain a register of these transactions, and present the register to the Audit Committee on a quarterly basis. The Audit Committee shall review such register to ensure that transactions between IOI Corporation and its associates and the SNA Group are in compliance with the above guidelines. Also, the internal audit department of the IOI Group shall review the compliance of the SNA Group with the above guidelines, and shall provide a report to the Company's Chief Financial Officer on an annual basis. The Company's Chief Financial Officer shall present these reports to the Audit Committee. The Audit Committee shall review such report, and request for further details if necessary, to ensure that transactions between IOI Corporation and its associates and the SNA Group are in compliance with the above guidelines. Also, the Audit Committee shall, if it deems necessary and practicable, appoint an independent party (including an external auditor) to review the compliance of IOI Corporation and its associates with the above guidelines. The SNA Group shall co-operate fully in furnishing the necessary documents and information to such independent party.

In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between IOI Corporation and its associates and the SNA Group are conducted on normal commercial terms, and the Company shall obtain a fresh mandate from its Shareholders if the Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from the Shareholders, all transactions between IOI Corporation and its associates and the SNA Group will be subject to the prior review and approval of the Audit Committee.

The Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between IOI Corporation and its associates and the SNA Group are on normal commercial terms which will not be prejudicial to the interests of the Company and its Shareholders (other than the IOI Group).

While the above procedures are in place, as the Company has no management control over the SNA Group, there is no assurance that these procedures will be adhered to in transactions between IOI Corporation and its associates and the SNA Group. Also, in the event that the Shareholders' Mandate for IOI Transactions is not renewed by Shareholders and the IOI Group continues to transact with the SNA Group, the Company may not be able to comply with the requirements under Chapter 9.

In the event that IOI Corporation becomes the Company's single largest Shareholder or is able to dominate decision-making, whether directly or indirectly, in relation to the financial and operating policies of the Company, the Company will have to fully comply with the requirements of Chapter 9 in relation to transactions between IOI Corporation and its associates and the SNA Group. In such an event, if Shareholders' approval is not obtained for the Shareholders' Mandate for IOI Transactions, transactions between IOI Corporation and its associates and the SNA Group will not be able to proceed.

## **8. THRESHOLD LIMITS**

### Transactions between IOI Corporation and its associates and the Group

In addition to the above review procedures, the Group supplements its internal systems by setting the following threshold limits to its transactions with IOI Corporation and its associates to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

- (a) a Category 1 transaction is one where in relation to:
  - (i) the transactions with external reference quoted price, the value of the transaction with IOI Corporation and its associates is below or equal to S\$5,000,000; and
  - (ii) any other transaction without external reference quoted price or rate, the value of the transaction with IOI Corporation and its associates is below or equal to S\$600,000; and
- (b) a Category 2 transaction is one where in relation to:
  - (i) the transactions with external reference quoted price, the value of the transaction with IOI Corporation and its associates is in excess of S\$5,000,000; and
  - (ii) any transaction without external reference quoted price or rate, the value of the transaction with IOI Corporation and its associates is in excess of S\$600,000.

Category 1 transactions do not require the prior review and approval of the Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by the Audit Committee. Such transactions must be reviewed and approved by the Company's Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer prior to being entered into. In the event that any of the Company's Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer is interested in any of the Group's transactions with IOI Corporation and its associates, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms.

Category 2 transactions must be reviewed and approved by the Audit Committee prior to being entered into. In the event that a member of the Audit Committee is interested in any of the Group's transactions with IOI Corporation and its associates, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

The thresholds of S\$5,000,000 and S\$600,000 are set as limits based on the expected and past volume of sales and purchases of the Group. It also balances the requirement of commercial efficiency and the requirements of oversight by the Audit Committee. Having considered the current market prices, the prevailing market conditions and the expected size of operations of the Group, the Board is of the opinion that the threshold limits of S\$5,000,000 and S\$600,000 reflect a risk control level that is acceptable to the Company.

#### Transactions between IOI Corporation and its associates and the SNA Group

In addition to the above review procedures, the SNA Group supplements its internal systems by setting the following threshold limits to its transactions with IOI Corporation and its associates to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

- (a) a Category 1 transaction is one where the value of the transaction is at or below US\$2,000,000; and
- (b) a Category 2 transaction is one where the value of the transaction exceeds US\$2,000,000.

Category 1 transactions must be reviewed and approved by the President Director and General Manager of SNA prior to being entered into. Such transactions shall also be reviewed by the internal audit department of the IOI Group for compliance on an annual basis. Category 2 transactions must be reviewed and approved by the board of directors of SNA, whose approval must include that of at least one director appointed by the Company.

## SHAREHOLDERS' MANDATE FOR SNA TRANSACTIONS

### 1. CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual (“**Chapter 9**”) applies to transactions which an entity at risk proposes to enter into with a counterparty who is an interested person of the listed company. Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, Shareholders’ approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

Pursuant to Listing Rule 905, a listed company must make an immediate announcement of any such transaction where:

- (a) the value of such transaction is equal to or exceeds 3% of the group’s latest audited net tangible assets; or
- (b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 3% of the group’s latest audited net tangible assets.

Pursuant to Listing Rule 906, shareholders’ approval is required for any such transaction where:

- (a) the value of such transaction is equal to or exceeds 5% of the group’s latest audited net tangible assets; or
- (b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 5% of the group’s latest audited net tangible assets. Such aggregation need not include 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.

Interested person transactions below S\$100,000 each are to be excluded.

Chapter 9 allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. However, these transactions may not include the purchase or sale of assets, undertakings or businesses.

As defined in the Listing Manual:

- (a) an “entity at risk” means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) 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;

- (b) an “interested person” means:
  - (i) a director, chief executive officer or controlling shareholder of the listed company;  
or
  - (ii) an associate of such director, chief executive officer or controlling shareholder.
- (c) an “associate” means:
  - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
    - (aa) an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent);
    - (bb) 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
    - (cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
  - (ii) in relation to a substantial shareholder or a controlling shareholder (being 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;
- (d) an “interested person transaction” means a transaction between an entity at risk and an interested person; and
- (e) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles of Chapter 9.

## **2. CLASSES OF INTERESTED PERSONS**

The Shareholders’ Mandate for SNA Transactions will apply to the Group’s transactions with the SNA Group, the Company’s associated companies which are controlled by one of its Controlling Shareholders, IOI Corporation.

Transactions between the Group and the SNA Group which do not fall within the ambit of the proposed Shareholders’ Mandate for SNA Transactions shall be subject to the relevant provisions of Chapter 9. In particular, if such transactions are of an aggregate value equal to or more than 5% of the Group’s latest audited net tangible assets, future transactions of such a nature will be subject to Shareholders’ approval before they can be entered into.

**3. CATEGORIES OF INTERESTED PERSON TRANSACTIONS**

The on-going interested person transactions that will be covered by the Shareholders' Mandate for SNA Transactions are as follows:

- (a) provision of management services by the Group to the SNA Group pursuant to the respective management service agreements (as amended, supplemented or modified from time to time) between BGA and each of the entities within the SNA Group dated 7 January 2008. Such management services may include, without limitation, administrative support covering human resources, accounting and finance aspect, and advisory and consultancy services;
- (b) sale of plantation produce (such as FFB, CPO and PK) by the SNA Group to the Group; and
- (c) sale of raw materials (such as oil palm seedlings) by the SNA Group to the Group.

**4. DISCLOSURE IN ANNUAL REPORT**

The Company is required, under Listing Rule 920(1)(a)(i), to disclose in its annual report the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for SNA Transactions during the current financial year, as well as in the annual reports for the subsequent financial years during which the Shareholders' Mandate for SNA Transactions is in force. The name of the interested person and the corresponding aggregate value of the interested person transactions will be presented in the following format:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the Shareholders' Mandate for SNA Transactions pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate for SNA Transactions pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S\$100,000)
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**5. RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATE FOR SNA TRANSACTIONS**

The SNA Group, the Company's associated companies, is currently a relatively small player in the oil palm industry in Indonesia, and requires, and will in the near future continue to require, support from the Group in relation to administrative matters and the financing of its operations. Such support will be indirectly of benefit to the Company in view of its 28% equity interest in the SNA Group.

The transactions with the SNA Group are entered into or to be entered into by the Group in its ordinary course of business. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time.

The Directors believe that the Group will be able to benefit from its transactions with the SNA Group. The Shareholders' Mandate for SNA Transactions and the renewal of the Shareholders' Mandate for SNA Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with the SNA Group arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the Group.



The Shareholders' Mandate for SNA Transactions is intended to facilitate transactions in the normal course of business which the Group transacted from time to time with the SNA Group, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate for SNA Transactions during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate for SNA Transactions is in place.

## **6. METHODS AND PROCEDURES FOR DETERMINING TRANSACTION PRICES**

The following guidelines have been put in place to ensure that transactions between the Group and the SNA Group are conducted on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies:

### **(a) Provision of management services by the Group to the SNA Group**

While the fees for the provision of management services by the Group to the SNA Group will be on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

The Group presently provides certain management services, which involves human resources, accounting and taxation. The fees payable to the Group for these services were determined on a cost recovery basis and are presently agreed at US\$30,000 per annum, and the quantum of such fees is subject to annual review.

### **(b) Sale of plantation produce (such as FFB, CPO and PK) by the SNA Group to the Group**

The selling price for the sale of plantation produce by the SNA Group to the Group will be based on external reference quoted prices in Indonesia, Malaysia or Rotterdam (depending on the shipment destination), with appropriate adjustments for location and quality of plantation produce.

### **(c) Sale of raw materials (such as oil palm seedlings) by the SNA Group to the Group**

In determining the selling price for the sale of raw materials by the SNA Group to the Group, at least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The price shall not be higher than two of the most competitive price quotes from the independent parties. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

## **7. REVIEW PROCEDURES**

The Audit Committee shall review internal audit reports to ascertain that the above guidelines have been complied with. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and the SNA Group are conducted on normal commercial terms, and the Company shall obtain a fresh mandate from its Shareholders if the Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from the



Shareholders, all transactions between the Group and the SNA Group will be subject to the prior review and approval of the Audit Committee.

Designated persons of the Group are required to submit details of all transactions entered into between the Group and the SNA Group immediately to the Company's Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A "Nil" return is expected if there is no transaction between the Group and the SNA Group for a previous quarter. The Company's Chief Financial Officer will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers will be updated quarterly based on the submissions by the designated persons.

The Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

The Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate for SNA Transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. Such compliance review will be performed by the Company's internal auditors, being the Group's in-house internal audit department, on an annual basis and the annual report on such transactions will be forwarded to the Audit Committee. The Company's internal auditors shall assist the Audit Committee in the review, and carry out such tests as they deem necessary on the transactions entered into pursuant to the Shareholders' Mandate for SNA Transactions. As part of the Company's annual audit, the Company's external auditors will review the transactions entered into pursuant to the Shareholders' Mandate for SNA Transactions on a sampling basis. The Company's external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample.

The Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between the Group and the SNA Group are on normal commercial terms which will not be prejudicial to the interests of the Company and its minority Shareholders.

## **8. THRESHOLD LIMITS**

In addition to the above review procedures, the Group supplements its internal systems by setting the following threshold limits to its transactions with the SNA Group to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

- (a) a Category 1 transaction is one where in relation to:
  - (i) the transactions with external reference quoted price, the value of the transaction with the SNA Group is below or equal to S\$5,000,000; and
  - (ii) any other transaction without external reference quoted price or rate, the value of the transaction with the SNA Group is below or equal to S\$600,000; and

- (b) a Category 2 transaction is one where in relation to:
- (i) the transactions with external reference quoted price, the value of the transaction with the SNA Group is in excess of S\$5,000,000; and
  - (ii) any transaction without external reference quoted price or rate, the value of the transaction with the SNA Group is in excess of S\$600,000.

Category 1 transactions do not require the prior review and approval of the Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by the Audit Committee. Such transactions must be reviewed and approved by the Company's Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer prior to being entered into. In the event that any of the Company's Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer is interested in any of the Group's transactions with the SNA Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms.

Category 2 transactions must be reviewed and approved by the Audit Committee prior to being entered into. In the event that a member of the Audit Committee is interested in any of the Group's transactions with the SNA Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

The thresholds of S\$5,000,000 and S\$600,000 are set as limits based on the expected and past volume of sales and purchases of the Group. It also balances the requirement of commercial efficiency and the requirements of oversight by the Audit Committee. Having considered the current market prices, the prevailing market conditions and the expected size of operations of the Group, the Board is of the opinion that the threshold limits of S\$5,000,000 and S\$600,000 reflect a risk control level that is acceptable to the Company.



