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## **11. CONFLICT OF INTEREST**

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### **11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS**

#### **11.1.1 Interest in similar business of our Group**

Save as disclosed below, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are carrying on a similar trade as our Group as at LPD:

- (a) Tan Hoe Hing, our Independent Non-Executive Director, jointly owns 3 pieces of oil palm lands (approximately 4 to 5 acres) in Teluk Intan, Perak with his brother. The FFB are sold to a local collector who supplies to mills. He does not have any business transaction with our Group; and
- (b) Yeo Kiat Seng, our Non-Independent Non-Executive Director, jointly owns a piece of oil palm land (approximately 35 acres) in Kuala Krai, Kelantan with his brother. The FFB are sold to local collector(s) who supplies to the mills. He does not have business transaction with our Group.

Our Board is of the view that ownerships of the abovementioned Directors in the abovementioned plantation land(s) does not give rise to a conflict of interest situation as (i) the abovementioned Directors do not have business transactions with our Group; and (ii) the abovementioned Directors are not actively involved in the day-to-day running of the business of the abovementioned plantation land(s); and (iii) the scale of the plantation lands owned by the abovementioned Directors amounting to an aggregate of 40 acres is relatively small when compared to the size of our Group's plantation estates have a total land area of 18,205.3 Ha (approximately 44,986 acres). Each of the abovementioned plantation lands have their own separate management teams and are operated and managed independently on a day-to-day basis by their respective management teams.

The business activities of the abovementioned plantation land(s) also do not compete with our Group taking into consideration the size, scale and/or nature of the oil palm cultivation and trading activities of the plantation land(s) as compared to the size, scale and/or nature of the activities of oil palm cultivation and production and sale of CPO and PK of our Group. Further, the abovementioned plantation land(s) are located in Malaysia and their business activities are carried out locally, i.e. harvested and sold to local collectors who supply to mills, as opposed to our Group's business model which encompasses the cultivation of oil palm, harvesting of FFB, and production of CPO and PK, with our principal markets being in Indonesia and our principal products being mainly sold to customers in Indonesia.

Further, there were no transactions between the abovementioned plantation land(s) and our Group during FYE 2020 to 2022 and up to LPD.

Taking into consideration the above and the abovementioned Directors' non-executive role in the abovementioned plantation land(s) as well as our Group, our Board is of the opinion that involvement of the abovementioned Directors in the abovementioned plantation land(s) does not give rise to any conflict of interest situation and will not affect their contribution to our Group or negatively impact their abilities to act as an Independent Non-Executive Director or Non-Independent Non-Executive Director of our Group.

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## **11. CONFLICT OF INTEREST (*Cont'd*)**

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### **11.1.2 Interest in the business of our customers and suppliers**

As at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are customers and/or suppliers of our Group.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating Committee will then:

- (a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
  - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
  - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

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## **11. CONFLICT OF INTEREST (Cont'd)**

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### **11.1.3 Business independence**

The principal business of our Group is in the upstream oil palm plantation industry. On the other hand, the businesses of MKH and the other companies within its group (excluding our Group) ("**Pro forma MKH Group**") comprises:

- (a) property development and construction;
- (b) hotel and property investment;
- (c) manufacturing of furniture; and
- (d) trading of building materials and other household related products.

Upon completion of our Listing, the Pro forma MKH Group will not be carrying on a similar trade as our Group or will be our customers or suppliers. The businesses of Pro forma MKH Group and our Group would be able to operate independently from each other.

Premised on the foregoing, the diversified businesses of the Pro forma MKH Group do not give rise to intra-group competition or conflict-of-interest situations with our Group, as the Pro forma MKH Group is not involved in the oil palm plantation business nor does it have customers or suppliers who are in the oil palm plantation business.

### **11.1.4 Operational independence**

The operations of our Group are carried out independently from the Pro forma MKH Group based on the following:

- (a) Dato' Lee Khee Meng, our Executive Director, is responsible for overseeing and managing our Group's overall plantation operations. He is supported by the other key senior management who have extensive knowledge and experience in our Group's business and play a significant role in the day-to-day operations as well as the implementation of our Group's business strategies.
- (b) we have our own IT, human resource and administration functions, which were set up in April 2023, headed by Chen Wei Chyong, our Executive Director, where she is supported by 55 personnel with respective functional expertise as at LPD. Our Group had on 31 March 2023 terminated the management services agreement entered into with MKH Resources for the provision of internal audit, human resources and administration and IT to our Group. Please refer to Section 10.1 for further details on the said management services agreement;
- (c) we have our own finance and accounting team headed by Tan Soo Hoon, our Group Financial Controller, where she is supported by 42 personnel with finance and accounting expertise as at LPD;
- (d) we are not dependent on the sales and purchases to/from the Pro forma MKH Group as we have our own customer/supplier base. As at LPD, there is no common customer and supplier between our Group and the Pro forma MKH Group;
- (e) we intend to set up an internal audit function to plan and execute the annual audit plans as well as to provide assurance that our business and operations are carried out in accordance with our Group's relevant policies and procedures. The establishment of our internal audit system is expected to be completed by 4<sup>th</sup> quarter of 2023 as set out in Section 6.12.

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**11. CONFLICT OF INTEREST (Cont'd)**

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Premised on the above, there is no overlap in terms of operations, including purchases and sales of goods, management, management policies and finance, and our Group is able to continue to operate our business independently of the Pro forma MKH Group after our Listing.

**11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS**

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Underwriter and Placement Agent for our Listing;
- (b) Cheang & Ariff has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing in respect of Malaysian law;
- (c) Ali Budiardjo, Nugroho, Reksodiputro has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing in respect of Indonesian law;
- (d) Deloitte PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing;
- (e) Smith Zander has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing; and
- (f) C H Williams Talhar & Wong (Sabah) Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Independent Valuer for our Listing.

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