

**Operational & Financial Matters**

- Q1. The Group initiated a Five-Year Plan in March 2020, now in its fourth year, the first priority is to increase plantation oil yield by at least 15% by the end of 2024 [page 20 of Annual Report 2023 (“AR2023”)]. The labour shortage also caused a delay in the Group’s fertilising, milling and transportation activities. As a result, the crude palm oil (“CPO”) production output was affected which led to lower oil yields (page 65 of AR2023).

Given the delay in fertilising of the Group’s plantations and the potential effects of El Niño phenomenon, is the target to increase plantation oil yield by at least 15% by the end of 2024 still achievable?

***The target to increase plantation oil yield by at least 15% by the end of 2024 from 2020 CPO production level would be challenging, in view that the Group is catching up on replanting of past prime trees in Sabah due to the severe labour shortage in the past 2 years, as well as in view of the impending El Niño phenomenon which would negatively affect the Group’s oil yield.***

- Q2. The Group’s second strategic priority centres on reduction of its plantation workforce by increasing the land to worker ratio through implementation of various estate mechanisation and digitalisation initiatives (page 20 of AR2023).

As the Group is accelerating its digitalisation and mechanisation plans to progressively reduce its dependency on manual workers (page 69 of AR2023), what would be the ideal manual workers workforce size for optimal fresh fruit bunch (“FFB”) production?

***The Group is determined to achieve our target of an optimal land-to-worker ratio of 10 hectares to 1 worker, primarily through digitalisation, automation, and mechanisation initiatives. At this moment, the Group has successfully implemented on approximately 80% of its total planted area with Mainline Mechanised FFB evacuation employing grabber technology.***

***Despite the intensified mechanisation, the Group’s current land-to-worker ratio which stands at approximately 8.5 hectares to 1 worker remains relatively low as the Group still requires a higher workforce to address the backlog of tasks accumulated during the period of severe worker shortage and these includes catching up on activities such as replanting, maintenance of immature palms, pruning and weeding, etc.***

***The Group would be able to achieve the optimal target of 10 hectares to 1 worker once the Group has completed all pending backlog tasks as mentioned above.***

- Q3. The Group’s new 110,000 MT/year capacity fatty acid plant in Prai, Penang and state-of-the-art soap noodles plant in Pasir Gudang, Johor started commissioning in the second quarter of 2023. This new fatty acid plant has increased the Group’s oleochemical production capacity by about 14% from 780,000 MT/year to 890,000 MT/year (page 21 of AR2023).

To what extent has the Group’s new fatty acid and soap noodles plants capacity been taken up?

***The Group’s total production volume for oleochemical segment has not increased materially despite the higher capacity due to muted demand as a result of the weaker global economic environment. Nevertheless, the Group has partly switched utilisation of the Group’s older plants to the new fatty acid and soap noodles plant which is much more efficient to achieve a lower production cost and higher flexibility to customise based on customers’ product requirements.***