

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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TM

**INNOPRISE PLANTATIONS BERHAD**

199301030333 (285072-M)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

*in relation to*

**PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**

**(“PROPOSED SHAREHOLDERS’ MANDATE”)**

The Notice of the 27<sup>th</sup> Annual General Meeting as set out in the Company’s 2020 Annual Report is sent to you together with this Circular. The 27<sup>th</sup> Annual General Meeting will be held at Belian Room, 7<sup>th</sup> Floor, Borneo Royale Hotel, Eastern Plaza, Mile 1, Jalan Kuhara, 91000 Tawau, Sabah on Monday, 24 May 2021 at 11.30 am. You are advised that the Proxy Form must be completed and deposited in accordance with the instructions thereon. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

The last day and time for lodging the proxy form is on Saturday, 22 May 2021 at 11.30 am.

This Circular is dated 26 April 2021

## DEFINITIONS

In this Circular, except where the context otherwise requires, the following definitions shall apply:

“Act”	Companies Act 2016 and any amendments or re-enactment made thereto from time to time
“AGM”	Annual General Meeting
“Board”	The Board of Directors of INNOPRISE
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Directors”	The directors of INNOPRISE for the time being and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007; and for the purpose of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of transaction were agreed upon, a director of INNOPRISE or any other company which is its subsidiary or holding company or a chief executive officer of INNOPRISE or its subsidiary or holding company.
“Existing Shareholders’ Mandate”	The Shareholders’ Mandate for INNOPRISE Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with the Related Parties pursuant to paragraph 10.09 of the Listing Requirements, of which approval from the Shareholders was obtained at the 26 <sup>th</sup> AGM held on 17 August 2020.
“INNOPRISE” or “the Company”	Innoprise Plantations Berhad Registration No.199301030333 (285072-M)
“INNOPRISE Group” or “the Group”	INNOPRISE and its subsidiary companies
“Listing Requirements”	Main Market Listing Requirements of Bursa Securities
“LPD”	Latest Practicable Date i.e. 31 March 2021 prior to the printing of this circular.
“Major Shareholder”	A person who has an interest or interests in one or more voting shares in a company and the number or aggregate number of those shares, is:  (a) 10% or more of the total number of the voting shares in the Company; or  (b) 5% or more of the total number of the voting shares in the Company where such person is the largest shareholder of the Company.

Includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of INNOPRISE or any other company which is its subsidiary or holding company.

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.

“Mandate Period”	The period from 24 May 2021, the date of the forthcoming 27 <sup>th</sup> AGM, until the conclusion of the next AGM targeted to be held by 23 May 2022.
“Persons Connected”	This shall have the same meaning as in Chapter 1, paragraph 1.01 of the Listing Requirements.
“Proposed Renewal of the Existing Shareholders’ Mandate”	Proposed Renewal of the Existing Shareholders’ Mandate of which approval from the Shareholders is being sought at the forthcoming 27 <sup>th</sup> AGM.
“Proposed Shareholders’ Mandate”	Proposed Renewal of the Existing Shareholders’ Mandate.
“RRPT”	Recurrent Related Party Transactions of a revenue or trading nature necessary for the day to day operations of INNOPRISE Group and which have been made or will be made by INNOPRISE Group at least once in three (3) years in the course of its business.
“Related Party”	A director, major shareholder or person connected with such director or major shareholder.
“RM”	Ringgit Malaysia.
“Shares”	Ordinary shares in the Ordinary Share Capital of INNOPRISE.

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

*Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in this Circular shall have the meaning assigned to it under the Act.*

*Any reference to a time of day shall be a reference to Malaysian time.*

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## **INNOPRISE PLANTATIONS BERHAD**

199301030333 (285072-M)

(Incorporated in Malaysia)

6th Floor  
Menara Tun Mustapha  
Likas Bay  
88400 Kota Kinabalu

26 April 2021

### **Board of Directors :-**

Datuk Hj. Majin Bin Hj. Ajing	- Independent Non-Executive Chairman
Encik Tan Aik Kiong	- Managing Director
Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar	- Non Independent Non-Executive Director
Tuan Haji Mohd Hattah Bin Ja'afar	- Non Independent Non- Executive Director
Encik Asgari Bin Mohd Fuad Stephens	- Independent Non-Executive Director
Encik Lim Ted Hing	- Independent Non-Executive Director
Encik Ng Chee Fen	- Executive Director

### **TO: THE SHAREHOLDERS OF INNOPRISE PLANTATIONS BERHAD**

Dear Sir/Madam

- **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**  
**("PROPOSED SHAREHOLDERS' MANDATE")**

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### **1. INTRODUCTION**

At the Company's 26<sup>th</sup> AGM held on 17 August 2020, the Shareholders of the Company approved the Existing Shareholders' Mandate, the details of which were set out in the Circular to Shareholders dated 17 July 2020. The Existing Shareholders' Mandate will expire at the conclusion of the forthcoming 27<sup>th</sup> AGM to be held on 24 May 2021.

The Board of Directors of the Company has on 23 February 2021 made announcement to Bursa Securities of its intention to seek approval from its Shareholders for the:

Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature  
("Proposed Shareholders' Mandate")

The purpose of this Circular is to provide you with details and rationale of the Proposed Shareholders' Mandate, to set out the views of your Board of Directors and to seek your approval for the resolution pertaining to the Proposed Shareholders' Mandate which is to be tabled at the forthcoming 27<sup>th</sup> AGM of the Company.

## **2. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

### **2.1 PROVISIONS UNDER THE LISTING REQUIREMENTS**

Under Paragraph 10.09 of the Listing Requirements, a listed company may seek a shareholders' mandate in respect of Related Party transactions involving recurrent transaction of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:-

- i) The transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- ii) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (a) the consideration, value of assets, capital outlay or costs of the recurrent transactions is equal to or exceeds RM1million; or
  - (b) the percentage ratio of such recurrent transaction is equal to or exceeds 1%,  
whichever is the higher.
- iii) In a meeting to obtain shareholders' mandate, the interested Directors, interested Major Shareholders and interested persons connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions.

### **2.2 PRINCIPAL ACTIVITIES OF THE GROUP**

As at the LPD, the principal activities of INNOPRISE are investment holding and provision of management services. The principal activities of the wholly owned subsidiary companies of INNOPRISE are:

- (a) Serijaya Industri Sdn Bhd - Operation of oil palm plantations and palm oil mill ("SJI")
- (b) IPB Bio Energy Sdn Bhd - Producer and supplier of renewable energy ("IPBBE")

### **2.3 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

#### **Proposed Renewal of the Existing Shareholders' Mandate**

The details of the Existing Shareholders' Mandate were set out in the Circular to Shareholders dated 17 July 2020. The Existing Shareholders' Mandate will require Shareholders' approval when it expires at the conclusion of the forthcoming 27<sup>th</sup> AGM to be held on 24 May 2021.

## 2.4 CLASS OF RELATED PARTIES, NATURE OF TRANSACTIONS AND ESTIMATED VALUE OF RECURRENT TRANSACTIONS

### 2.4.1 Class of Related Parties

The Proposed Shareholders' Mandate will apply to transactions between INNOPRISE Group with Related Parties comprising Directors or Major Shareholders or persons connected with such Directors or Major Shareholders of INNOPRISE and include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director or Major Shareholder of INNOPRISE or any other company which is its subsidiary. Such Related Parties are those described below:

#### (a) Directors and Major Shareholders

<u>Name</u>	<u>% of Equity interest in INNOPRISE</u>	
	<u>Direct</u>	<u>Indirect</u>
Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar	-	-
Encik Tan Aik Kiong	0.16	-
Tuan Haji Mohd Hattah Bin Ja'afar	-	-
Innoprise Corporation Sdn Bhd ("ICSB")	50.22	-
TSH Resources Berhad ("TSHR")	21.94	-

#### (b) Persons connected to Directors and Major Shareholders

<u>Related Parties</u>	<u>Principal Activities</u>	<u>Relationship</u>
(i) Benta Wawasan Sdn Bhd ("BWSB")	Development of tree plantations and oil palm plantations and the operation of crude palm oil mill.	BWSB is a wholly owned subsidiary of ICSB, a major shareholder of the Company. Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar and Tuan Haji Mohd Hattah Bin Ja'afar, are directors of the Company nominated by ICSB and are both deemed persons connected to ICSB. Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar is the Executive Chairman of ICSB and a Director of Yayasan Sabah. ICSB is 97.63% owned by Board of Trustee of Yayasan Sabah. Tuan Haji Mohd Hattah Bin Ja'afar is the Chief Executive Officer of Sabah Softwoods Berhad ("SSB"), a 70% owned subsidiary of ICSB.
(ii) TSH Plantation Sdn Bhd ("TSHP")	Operation of palm oil mills and investment holding	TSHP is a wholly owned subsidiary of TSHR, a major shareholder of the Company. Encik Tan Aik Kiong is a director and a shareholder of TSHR and is also a director of TSHP.

(iii)	TSH Plantation Management Sdn Bhd (“TSHPM”)	Oil palm plantations and operation of palm oil mill	TSHPM is 24% owned by TSHR and 76% owned by TSHP, which is in turn a wholly owned subsidiary of TSHR, a major shareholder of the Company. Encik Tan Aik Kiong is a director of TSHPM, a director and a shareholder of TSHR and also a director of TSHP.
(iv)	TSH-Wilmar Sdn Bhd (“TSHW”)	Operations of palm oil refinery and kernel crushing plant	TSHW is 50% owned by TSHR, a major shareholder of the Company. Encik Tan Aik Kiong is a director of TSHW and also a director and a shareholder of TSHR.
(v)	RT Plantations Sdn Bhd (“RTPSB”)	Operation of Oil Palm Plantation	RTPSB is 60% owned by Rinukut Sdn Bhd (“RSB”) and 40% owned by Rakyat Berjaya Sdn Bhd (“RBJ”), which is in turn a 98.04% owned subsidiary of ICSB, a major shareholder of the Company. Encik Tan Aik Kiong is a director and a shareholder of TSHR and a director of RTPSB and RSB.
(vi)	TSH Biotech Sdn Bhd (“TSHB”)	Undertake qualifying Activities, namely research, development, production and supplying of high quality oil palm ramets through tissue culture process.	TSHB is a wholly owned subsidiary of TSHP which is in turn wholly owned by TSHR, a major shareholder of the Company. Encik Tan Aik Kiong is a director of TSHB.



## 2.4.2 Nature of Transactions

The types of recurrent transactions which are to be covered by the Proposed Shareholders' Mandate relate principally to the provision of and obtaining from, the Related Parties of products and services in the ordinary course of business, details of which are described below:

### (a) Proposed Renewal of the Existing Shareholders' Mandate

Transactions with the Group					
Parties to the Transaction		Nature of Transaction	Amount RM		
			Estimated value in preceding year's circular dated 17 July 2020	Actual value from the last approval date on 17-08-20 to LPD	@ Estimated value from 24-05-21* to 23-05-22**
Companies in the Group	Related Parties				
SJI (Seller)	BWSB (Buyer)	Sale of Fresh Fruit Bunches	10,000,000	-	10,000,000
SJI (Buyer)	BWSB (Seller)	Purchase of Fresh Fruit Bunches	10,000,000	3,707,128	10,000,000
SJI (Seller)	TSHP (Buyer)	Sale of Fresh Fruit Bunches	6,000,000	-	6,000,000
SJI (Seller)	TSHPM (Buyer)	Sale of Fresh Fruit Bunches	10,000,000	-	10,000,000
SJI (Seller)	TSHPM (Buyer)	Sale of Empty Fruit Bunches, Fibre and Shell	2,000,000	-	2,000,000
SJI (Seller)	TSHW (Buyer)	Sale of Crude Palm Oil	180,000,000	99,464,395	185,000,000
SJI (Seller)	TSHW (Buyer)	Sale of Palm Kernels	25,000,000	8,473,523	25,000,000
SJI (Seller)	RTPSB (Buyer)	Sale of seedlings	1,000,000	-	1,000,000
SJI (Buyer)	TSHB (Seller)	Purchase of ramet oil palm seedlings	5,000,000	-	4,000,000
SJI (Buyer)	TSHB (Seller)	Purchase of tree seedlings	2,000,000	335,546	2,000,000

**NOTES:**

\* Date of this coming AGM

\*\* Targeted date of the next AGM.

@ **The estimated transaction values are based on actual transactions for the past one year and extrapolated to the assigned dates. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosure pursuant to the Listing Requirements will be made in the Company's Annual Report 2021 of the actual aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate.**

**Additional disclosure requirements under Practice Note 12**

As none of the sum due and owing by the related parties under the RRPT pursuant to the Proposed Shareholders' Mandate as at 31 December 2020 has exceeded the credit term, hence the requirement under items (16A) & (16 B) of the Annexure PN12-A of Practice Note 12 of the Listing Requirements are not applicable in this case.

## **2.5 RATIONALE AND BENEFIT**

All the RRPT are of a revenue or trading nature and being carried out in the ordinary course of business, at arm's length basis, on normal commercial terms and not prejudicial to the interest of the shareholders.

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company, and the renewal of the same on an annual basis would eliminate the need for the Company to announce and/or to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT arises, thereby reducing substantially administrative time, inconveniences and expenses associated with the convening of such meetings, without compromising the corporate objectives of the INNOPRISE Group or adversely affecting the business opportunities available to INNOPRISE Group.

The RRPT entered into or to be entered into are intended to meet the business needs of INNOPRISE Group at the best possible terms. The benefits of such RRPT to INNOPRISE Group are as follows:

- i. To deal with familiar and reliable purchasers with satisfactory past business relationships for INNOPRISE Group's products (FFB, CPO, seedlings, palm kernels, empty fruit bunches, fibre & shell).
- ii. The purchase of ramet oil palm seedlings and tree seedlings from related party with satisfactory past records in terms of fair and reasonable pricing, quality goods and prompt delivery is to ensure uninterrupted supply of suitable quality seedlings for INNOPRISE Group's plantation development;
- iii. Generally to benefit from dealing with suppliers and or purchasers of goods and services whom INNOPRISE Group is familiar coupled with satisfactory past track records and good business relationships.

## **2.6 REVIEW PROCEDURES**

In order to ensure that Recurrent Related Party transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of INNOPRISE and are consistent with INNOPRISE Group's usual business practices and policies, the management has established the following procedures:

- i. The price of INNOPRISE Group's products to be sold and the price of FFB to be purchased will be determined on the basis of prevailing market rates for similar type and quality of such products and goods according to commercial terms and business practices.

Other factors such as availability of raw materials and resources, reliability of supply, quality of the goods, track records, experience, financial position of the supplier or principal and consistency and reliability of payment by purchasers will also be taken into consideration.

- ii. INNOPRISE Group maintains a record of all the RRPT entered into and the bases upon which they are entered into so as to monitor, track and identify RRPT in a timely manner.
- iii. There are no specific thresholds for approval of RRPT. However, all RRPT are subject to the approval of the senior management and/or the Board from time to time. The Audit Committee reviews all the RRPT on a quarterly basis to ensure that the relevant approvals of the senior management and/or the Board have been obtained and the review procedures in respect of such RRPT are being adhered to.
- iv. Where any director of INNOPRISE has an interest (whether direct or indirect) in any of the RRPT, such director shall abstain from all deliberations and voting on that matter in the Board's deliberation of such transaction, if any. Where any member of the Audit Committee is interested in any RRPT, that member shall abstain from deliberation and voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions. Interested directors or interested major shareholders must ensure that persons connected with them abstain from voting on the resolution relating to the Proposed Shareholders' Mandate on RRPT at any general meeting of the Company.
- v. At least two (2) other contemporaneous transaction with unrelated third parties for similar products/services and/or quantities will be used as comparisons to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates/prices that are agreed under similar commercial terms for transactions with third parties, business practices and terms generally in line with industry norms and that the RRPT is not detrimental to the Company or the Group. The Audit Committee in its review of the RRPT may, as it deems fit, request for additional information pertaining to the transactions from independent sources or advisers.

## **2.7 DISCLOSURE REQUIREMENTS**

The transactions contemplated pursuant to the Proposed Shareholders' Mandate for the financial year ending 31 December 2021 will be disclosed in the Annual Report 2021 in accordance with Paragraph 10.09(2)(b) of the Listing Requirements and Section 3.1.5. of the Practice Note No.12 issued by Bursa Securities, which requires a breakdown of the aggregate value of the RRPT entered into during the financial year, including amongst others, the following information:

- (i) The type of RRPT; and
- (ii) The names of the Related Parties involved in each type of RRPT entered into and their relationship with INNOPRISE.

## 2.8 VALIDITY PERIOD OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate, if approved at the forthcoming 27<sup>th</sup> Annual General Meeting, will continue in force until:

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier;

Thereafter, shareholders' approval will be sought for the renewal of such mandate at each subsequent AGM subject to a satisfactory review by the Audit Committee of its continued application to the Related Party Transactions.

## 2.9 STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee comprises of the following Members:

Name of Members	Designation
(i) Encik Lim Ted Hing	Chairman
(ii) Datuk Hj. Majin Bin Hj. Ajing	Member
(iii) Tuan Haji Mohd Hattah Bin Ja'afar	Member

The Audit Committee of the Company having reviewed the procedures as outlined in Section 2.6 above and the terms of the Proposed Shareholders' Mandate, is satisfied that the standard review procedures for the RRPT are sufficient to ensure that the RRPT will be made at arm's length and in accordance with INNOPRISE Group's normal commercial terms and hence, will not be prejudicial to the interests of the shareholders or disadvantageous to INNOPRISE Group and that the RRPT are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Audit Committee is of the view that INNOPRISE Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and that these procedures and processes are being reviewed annually.

Those Audit Committee Members who are interested in the RRPT have abstained from reviewing those RRPT in which they are interested.

### 3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at LPD, the interest of the interested Directors and Major Shareholders of INNOPRISE are as follows:

Interested Director / Major Shareholder	Ordinary Shares Held			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar	-	-	-	-
Encik Tan Aik Kiong	750,000	0.16	-	-
Tuan Haji Mohd Hattah Bin Ja'afar	-	-	-	-
ICSB	240,479,407	50.22	-	-
TSHR	105,060,592	21.94	-	-

Encik Tan Aik Kiong is interested by virtue of being a director and a shareholder of TSHR. TSHR is a major shareholder of the Company. TSHR wholly owned TSHP. TSHPM is 24% owned by TSHR and 76% owned by TSHP. TSHW is 50% owned by TSHR. TSHR owned 70% of RSB. RTPSB is 60% owned by RSB and 40% owned by RBJ. TSHB is a wholly owned subsidiary of TSHP, which is in turn wholly owned by TSHR. TSHP, TSHPM, TSHW, RTPSB and TSHB are related parties involving in the RRPT of INNOPRISE Group as disclosed under Section 2.4.2 hereinabove. Encik Tan Aik Kiong is also a director of TSHPM, TSHP, TSHW, RTPSB, RSB & TSHB.

Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar is deemed interested by virtue of being a person connected to ICSB. He is the Executive Chairman of ICSB and a Director of Yayasan Sabah. ICSB, a major shareholder of the Company, is 97.63% owned by Board of Trustee of Yayasan Sabah.

Tuan Haji Mohd Hattah Bin Ja'afar is deemed interested by virtue of being a person connected to ICSB. BWSB and RTPSB are related parties involving in the RRPT of INNOPRISE Group as disclosed under Section 2.4.2 hereinabove. RBJ and BWSB are related corporations of ICSB pursuant to Section 7 of the Companies Act 2016.

Accordingly, Encik Tan Aik Kiong, Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar and Tuan Haji Mohd Hattah Bin Ja'afar have abstained and will continue to abstain from all deliberations and voting in the Board meetings on the Proposed Shareholders' Mandate in relation those transactions in which they are respectively interested in. They will abstain from voting and have also undertaken to ensure that the persons connected to them will also abstain from voting in respect of their shareholdings (if any), direct and indirect, on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Furthermore, ICSB and TSHR will abstain from voting in respect of their shareholdings, direct or indirect, on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM. They will also ensure that the persons connected to them will also abstain from voting in respect of their shareholdings, direct and indirect, on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors, Major Shareholders and/or Person connected with them (as defined in the Listing Requirements) have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

#### **4. DIRECTORS' RECOMMENDATION**

The Board of Directors (with the exception of Encik Tan Aik Kiong, Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar and Tuan Haji Mohd Hattah Bin Ja'afar, who have abstained from deliberation and giving any opinion in respect of those transactions in which they are interested in respectively) having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interests of the Company and its shareholders.

In view of the benefits stated in Section 2.5 hereinabove, the Board (with the exception of Encik Tan Aik Kiong, Datuk Haji Gulamhaidar @ Yusof Bin Khan Bahadar and Tuan Haji Mohd Hattah Bin Ja'afar, who have abstained from making any recommendation in respect of those transactions in which they are interested in respectively) recommends that you vote in favour of the resolution in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

#### **5. ANNUAL GENERAL MEETING**

The forthcoming 27<sup>th</sup> AGM will be held at Belian Room, 7<sup>th</sup> Floor, Borneo Royale Hotel, Eastern Plaza, Mile 1, Jalan Kuhara, 91000 Tawau, Sabah on Monday, 24 May 2021 at 11.30 am for the purpose of considering and, if thought fit, to pass the ordinary resolutions as set out in the Notice of the 27<sup>th</sup> AGM.

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

In case you are unable to attend the 27<sup>th</sup> AGM and wish to appoint a proxy to attend and vote on your behalf, you should complete, sign and return the proxy form in accordance with the instruction printed thereon as soon as possible and, in any event, so as to arrive at the Company's Registered Office, not later than forty eight (48) hours before the time fixed for holding the 27<sup>th</sup> AGM or any adjournment thereof.

The completion and lodgement of the Proxy Form will not preclude you from attending and voting in person at the 27<sup>th</sup> AGM should you subsequently decide to do so and if you do, your proxy shall be precluded from attending the meeting.

#### **7. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendix I herewith for further information.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**INNOPRISE PLANTATIONS BERHAD**

**DATUK HJ. MAJIN BIN HJ. AJING**  
Independent Non-Executive Chairman

## APPENDIX I: FURTHER INFORMATION

### 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of INNOPRISE who individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that having made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

### 2. MATERIAL CLAIMS

Save as disclosed below, the Company and its subsidiaries are not presently engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board of INNOPRISE are not aware of any proceedings pending or threatened against INNOPRISE and its subsidiaries or any facts likely to give rise to any proceedings which might materially affect the financial position and business of INNOPRISE and its subsidiaries.

#### (a) Claim against Asiatic Lumber Industries Sdn Bhd

On 3 June 2014, Serijaya Industri Sdn. Bhd. (SJI), a wholly-owned subsidiary of the Company, filed a notice of arbitration against Asiatic Lumber Industries Sdn. Bhd. (ALISB) for a claim approximately RM14,631,516 arising from a shortfall in guaranteed volume of log production under a Logging Sub-Contract agreement between SJI and ALISB.

The Arbitrator had on 6 October 2016 awarded SJI the whole claim amounted to RM11,619,123 for shortfall from 2011 to 2013 with interest at 10% per annum.

ALISB failed to pay the sums under the arbitration award. On 14 August 2017, the High Court of Sabah and Sarawak has ordered that ALISB be wound up and the Director General of Insolvency be appointed as the liquidator of ALISB. On 26 March 2021, SJI was informed by the Insolvency Department that the department was still in the process of identifying assets of ALISB and there was no credit balance in the ledger for any payment. The Company regards the whole claim sum awarded as a contingent asset.

#### (b) Claim made by Benta Wawasan Sdn Bhd

Based on the Agreement for Oil Palm Plantation entered between Benta Wawasan Sdn. Bhd. (“BWSB”) and SJI dated 18 November 2005 together with the 1<sup>st</sup> and 2<sup>nd</sup> supplemental agreements (the “AOPP Agreements”), SJI would need to pay a variable lease payment based on FFB production starting 2017. On 9 July 2018, SJI and BWSB entered into a 3<sup>rd</sup> supplemental agreement (the “3<sup>rd</sup> Supplemental Agreement”), whereby both parties mutually agreed that SJI should pay rental on the land for oil palm plantation of RM2,201,502 covering the period from year 2018 to year 2070 in an equal annual payment of RM41,538 and interest on the total outstanding rental sum at the rate of 8% per annum on a reducing balance basis.

Via a letter dated 10 January 2019, BWSB has informed SJI that the 3<sup>rd</sup> Supplemental Agreement was not approved by the board of directors of BWSB. Subsequently, BWSB issued a letter dated 6 March 2019 and an invoice dated 8 March 2019, claiming for the variable lease payments for year 2017 and year 2018 amounted to RM5,288,459 and RM4,261,721 respectively, based on the terms of the AOPP Agreements. The rental for year 2017 of RM5,288,459 has been recognised by the Group. For the financial year ended 31 December 2018, other than the fixed rental amount of RM41,538, no variable lease payment was recognised. The variable lease payments for the financial years ended 31 December 2019 and 2020 should the terms in AOPP Agreements be applied amounted to approximately RM3,210,593 and RM6,322,110 respectively. These amounts were also not recognised in these financial statements as the Group believes that the 3<sup>rd</sup> Supplemental Agreement is a valid and binding agreement mutually agreed between the parties.



Subsequently, there were various correspondences between the parties and a meeting has been arranged to discuss the matter. Based on latest correspondences in early 2020, both parties are interested to arrive at a sound and sensible solution to the issue without further delay and expense.

SJI has been advised by its legal counsel that SJI has a strong case to continue and to maintain that the 3<sup>rd</sup> Supplemental Agreement is valid and binding. Accordingly, no additional provisions on variable lease payments for the year 2018 to year 2070 have been made in these financial statements. The Company regards this as a contingent liability.

### **3. MATERIAL CONTRACT**

The Board of Directors of INNOPRISE has confirmed that neither INNOPRISE nor its subsidiaries has entered into any material contracts, other than contracts entered into in the ordinary course of business, within the past two (2) years preceding the date of this Circular.

### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 6<sup>th</sup> Floor, Menara Tun Mustapha, Likas Bay, 88400 Kota Kinabalu, Sabah, Malaysia during normal business hours from the date of this Circular up to and including the date of the forthcoming 27<sup>th</sup> AGM.

- (i) the Constitution of INNOPRISE;
- (ii) the audited financial statements of INNOPRISE Group for the past two (2) years ended 31 December 2019 and 31 December 2020;
- (iii) the relevant cause papers in relation to the material claims referred to in Section 2 above.