

Minutes of the 103rd Annual General Meeting

24 April 2024



UNITED PLANTATIONS BERHAD

Company Registration No. 191701000045 (240-A)

Jendarata Estate • 36009 Teluk Intan • Darul Ridzuan • Malaysia

UNITED PLANTATIONS BERHAD

MINUTES OF THE 103rd ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD AT DEWAN SANMARKA ORANG INDIA 36400 HUTAN MELINTANG, TELUK INTAN ON THURSDAY 24 APRIL 2024

Present: 110 Shareholders present representing 17,528,487 shares
185 Proxy Holders for Chairman representing 39,568,796 shares
30 Proxy Holders present representing 237,013,767 shares,
28 Proxy Holders not present representing 20,700,598 shares
1 person with a Letter of Representation representing 200 shares

and

Y.Bhg. Dato' Mohamad Nasir bin Ab. Latif -Chairman
Y.Bhg. Dato' Carl Bek-Nielsen - Vice Chairman
Mr. Martin Bek-Nielsen
Mr. Loh Hang Pai
Mr. R. Nadarajan
Mr. Jorgen Balle
Ms. Belvinder Kaur a/p C Nasib Singh
Mr. Yap Seng Chong
In Attendance: Mr. Ng Eng Ho - Company Secretary

The Chairman took the Chair at 9.30 a.m. He greeted and welcomed the shareholders to the 103rd Annual General Meeting of the Company.

The Chairman informed the shareholders that we had in attendance 8 Directors and proceeded to introduce the Directors to the shareholders. The Chairman further invited the Vice Chairman and Chief Executive Director, Dato' Carl Bek-Nielsen to give a presentation to encapsulate UP's milestones.

Dato' Carl Bek-Nielsen welcomed the attending shareholders who came from near and far. He further highlighted he would start this year's AGM by giving a little presentation. The gist of the presentation in summary was as follows:-

- UP is a global leader in sustainability.
- UP achieved the highest CPO yield per ha in the Malaysian plantation industry.
- UP also achieved the lowest GHG emission per mt of oil produced which was a commitment started many years ago.
- Good prices and good yield resulted in a record profit of RM711 million which was a 17% increase from the previous year. CPO production increased by 5% and CPO sales price increased by 6% from the previous year.
- UP Group achieved a CPO yield of 6.11 mt/ha in 2023 whereas the average Malaysia yield was at 3.14 mt/ha and the Global average yield was at 3.30 mt/ha. Malaysia's average yield has stagnated. The high yield was achieved via UP's superior planting materials, good soils, and timely replanting supported by a good management team. It was of fundamental importance to produce more with less.

- UP has over the last 10 years paid out about RM3.9 billion in dividends or about RM9.30 per share which represents an annual dividend yield of 6.5% from 2014 to 2023. The market capitalisation had jumped from less than RM2.5 billion in 1999 to almost RM10 billion on 13 March 2024.
- Sustainable agricultural practices are key to producing more with less to feed a growing world. This should be done in a measurable manner. Malaysia has abundant biomass and sunlight which would help to decarbonize by reducing dependence on fossil fuel.
- Sustainability involves jungle preservation, and integrated pest management (leopard cats, snakes, and barn owls). Sustainability also concerns workers' welfare, safe operations, and a decent living. Renewal energy has lately become an important component of sustainability. UP has since 2004 reduced GHG emission by 63% or 1.36 kg CO²-eq/kg oil which is substantially lower than Sunflower Oil- 3.37 kg CO²-eq/kg oil, RSPO palm oil -3.33 kg CO²-eq/kg oil, and Rapeseed oil 2.85 kg CO²-eq/kg oil.
- RSPO is the most scrutinized and recognised sustainability certification enforcing NO DEFORESTATION, NO NEW PEAT DEVELOPMENT, AND NO EXPLOITATION. UP became the world's first RSPO-certified company in 2008 with the world's first shipment of RSPO-certified sustainable palm oil.
- Agricultural operations must appreciate that the focus on biodiversity will intensify in the future. Companies that fail to do so would risk facing a "Kodak/Nokia" moment.

Dato' Carl Bek-Nielsen concluded his presentation by highlighting the following:-

1. High yield is a key aspect of being second to none.
2. Low cost of production would give the strength to climb a mountain even when facing strong headwinds.
3. Sustainability must be "built in" not "bolted on".
4. Highest quality, no compromise on this.
5. Hands-on management... walking the fields.. motivation, innovation, and good leadership build team spirit.

The Chairman thanked Dato' Carl Bek-Nielsen for the very informative and enlightening presentation. The Chairman then proceeded to the meeting proper by asking the Company Secretary to confirm the presence of a quorum.

Quorum:

The Company Secretary confirmed the presence of the requisite quorum in accordance with Article 79 of the Company's Constitution. The requisite quorum being present, the Chairman called the meeting to order.

Notice of Meeting

The Chairman proposed that the Notice given convening the meeting advertised in the New Straits Time on 27 February 2024, be taken as read. The Chairman further advised that the Annual Report including the Audited Financial Statements for the financial year ended 31 December 2023 was laid in accordance with S 340 (1) (a) of the Companies Act 2016 for

discussion only and did not require the approval of the shareholders. However, the Board shall be pleased to answer any questions that the shareholders may have on the Annual Report including the Audited Financial Statements during the Q & A session.

Q & A Session

The Chairman proceeded to start the meeting with the Q & A session first. Please refer to the Addendum on the proceeding of this session.

The Chairman after the Q & A session announced that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all resolutions shall be voted by poll. Dato' Chairman further announced that Boardroom Share Registrars had been appointed to handle the e-polling with SKY Corporate Service Sdn. Bhd (Scrutineer) as the independent scrutineer.

Boardroom Share Registrars were invited to give a slide presentation on the polling process.

The Chairman then moved the following items on the Agenda:

RESOLUTION NO.1: Final and Special Dividends for 2023.

The Chairman proposed that the resolution “To consider the recommendation of the Directors and authorize the payment of a final single-tier dividend of 70sen and a special single-tier dividend of 40sen for the year ended 31 December 2023.”

The Chairman reported that the final dividend and the special dividend subject to the approval of shareholders will be paid on 14th May 2024.

The resolution was seconded by Shareholder Mr. Thorairaj a/l Nadesa Pillay.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 100.00 %

Voted Against- 0.00 %

The Chairman declared the resolution carried.

RESOLUTION NO.2: Directors' Fees (Inclusive of Board Committees' fees) of RM1,463,425 for 2023.

The Chairman proposed the resolution "THAT the Directors' fees (inclusive of Board Committees' fees) of RM1,463,425 for the financial year 2023 be approved for payment."

The resolution was seconded by Shareholder Ms. Lim Jit Thian

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 99.9891 %

Voted Against- 0.0019%

The Chairman declared the resolution carried.

RESOLUTION NO.3: Directors' benefits (other than Directors' fees) of RM110,400 for 2023.

The Chairman proposed the resolution "THAT the Director's benefits (other than Director's fees) of RM110,400 for the financial year 2023 be approved for payment."

The resolution was seconded by Shareholder Mr. Woo Khai Yoon.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 99.9994 %

Voted Against- 0.0006 %

The Chairman declared the resolution carried.

RESOLUTION NO.4: Re-elect Director, Mr Martin Bek-Nielsen who retires by rotation pursuant to Article 107 of the Company's Constitution be re-elected to the Board.

The Chairman proposed the resolution "THAT Mr Martin Bek-Nielsen who retires by rotation pursuant to Article 107 of the Company's Constitution be re-elected to the Board."

The resolution was seconded by Shareholder Mr. Lee.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 99.2293%

Voted Against- 0.7707%

The Chairman declared the resolution carried.

RESOLUTION NO.5: Re-elect Director, Mr. Loh Hang Pai who retires by rotation pursuant to Article 107 of the Company's Constitution be re-elected to the Board.

The Chairman proposed the resolution "THAT Mr. Loh Hang Pai who retires by rotation pursuant to Article 100 of the Company's Constitution be re-elected to the Board."

The resolution was seconded by Shareholder Mr. Liew.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 98.4940 %

Voted Against- 1.5060%

The Chairman declared the resolution carried.

RESOLUTION NO.6: Re-elect Director, Ms. Belvinder Kaur a/p C Nasib Singh who retires by rotation pursuant to Article 107 of the Company's Constitution be re-elected to the Board.

The Chairman proposed the resolution "THAT Ms. Belvinder Kaur a/p C Nasib Singh who retires by rotation pursuant to Article 107 of the Company's Constitution be re-elected to the Board."

The resolution was seconded by Shareholder Ms. Lim.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 99.6380 %

Voted Against- 0.362 %

The Chairman declared the resolution carried.

RESOLUTION NO.7: Re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the year 2024 and authorize the Directors to fix their remuneration.

The Chairman proposed the resolution "THAT Ernst & Young PLT be re-appointed as auditors of the Company for the year 2024 and the Directors be authorized to fix their remuneration."

The resolution was seconded by Shareholder Mr. Dhivadamudu a/l Sannasy.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 99.2046%

Voted Against- 0.7954%

The Chairman declared the resolution carried.

Mr. Edwin Francis of Messrs Ernst & Young PLT thanked the shareholders for their support.

RESOLUTION NO. 8: Proposed Continuation of Mr. R Nadarajan as Independent Non-Executive Director

The Chairman proposed the resolution “That Mr. R Nadarajan having served as an Independent Non- Executive Director for a cumulative term of more than nine (9) years, be continued to act as Independent Non-Executive Director of the Company.”

The resolution was seconded by Shareholder Mr. Lim Swee An.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 87.3115%

Voted Against- 12.6885%

The Chairman declared the resolution carried.

RESOLUTION NO.9: Proposed Renewal of Authority for Purchase of Own Shares

The Chairman proposed the following resolution:-

“THAT, subject to the Companies Act 2016 (“the Act”) (as may be amended, modified or re-enacted from time to time), the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any given point in time and an amount of funds not exceeding the total retained profits of the Company based on the audited financial statements for the financial year ended 31 December 2023 be utilized by the Company for the Proposed Share

Buy-Back AND THAT at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled and/or retained as treasury shares and subsequently distributed as dividends, transfer the shares for the purposes of or

under an employee's share scheme that has been approved by the shareholders, transfer the shares as purchase consideration or resold on Bursa Malaysia or be cancelled AND THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Share Buy-Back AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2025 at which time it will lapse unless by a resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act 2016 (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 the general meeting, whichever is earlier; but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid date and in any event, in accordance with the provisions in the guidelines issued by Bursa Malaysia and /or by any other relevant authorities."

The resolution was seconded by Shareholder Mr. Leong.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 99.8811%

Voted Against- 0.1189%

The Chairman declared the resolution carried.

RESOLUTION NO.10: Authority for Directors to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.

The Chairman proposed the following resolution:-

"THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the

Directors be and are hereby authorised to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also authorized to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

The resolution was seconded by Shareholder Datuk Leong Yeng Kit.

The Chairman declared the polling for the resolution opened and the shareholders were given 15 seconds to vote.

The Chairman after the closing of the poll invited the Scrutineer to announce the result.

The Scrutineer announced the result of the poll as follows:-

Voted for - 92.5315%

Voted Against- 7.4685%

The Chairman declared the resolution carried.

Based on the announced results of the poll by the Scrutineer, the Chairman further declared that all resolutions for today were duly carried.

The Chairman further enquired whether the Company Secretary had received notice on any other business from any shareholder

The Company Secretary confirmed that the company did not receive any notice of any other business.

The Chairman declared the meeting closed.

The meeting terminated at 11.05 a.m. with a vote of thanks to the Chairman.

UNITED PLANTATIONS BERHAD

Chairman

Addendum to the Minutes

The Chairman informed the meeting that we had received questions from Minority Shareholder Watch Group (MSWG) and other shareholders.

Questions from MSWG Sustainability Matters

1. Bursa Malaysia's Sustainability Reporting Guides and Global Reporting Initiative (GRI) recommends the use of external assurance, and the Group believes external assurance adds credibility and transparency to the sustainability reporting. In this connection, the Group is pleased to inform its stakeholders that BSI has provided limited assurance over 10 selected Key Performance Indicators (KPIs) reported in the 2023 Sustainability Report. (page 34 of AR2023) What was the cost that the company had to pay for having its 10 sustainability KPIs externally assured?

Answer:

Mr Martin Bek-Nielsen replied that the cost is minimal, however, this cost is confidential between BSI and UP which we have to respect.

Corporate Governance Matters

2. Practice 5.9 of the Malaysian Code of Corporate Governance states that the board should comprise at least 30% women directors. On page 35 of the Corporate Governance Report 2023, it was stated that the Board shall increase women's board representation as and when there is a vacancy as well as when suitable and qualified candidates are identified. The Board previously had 2 female directors. With the resignation of Puan Rohaya Binti Mohammad Yusof ("Puan Rohaya"), the EPF nominee director, on 1 June 2023, the Board currently has one female Independent Non-Executive Director, representing a decrease in female representation at the Board level to 12.5% (FYE2022: 18.2%). Following Puan Rohaya's resignation, EPF nominated a male director to replace her. Subsequently, he resigned on 19 February 2024 due to perceived conflict of interest ("COI"). Given that EPF should have multi-talented candidates, did the Nomination Committee consider any female candidate as a potential director prior to appointing a male director?

What were the challenges faced by the Nomination Committee in recommending a female director instead of a male director to the Board?

Answer:

Mr. Martin Bek-Nielsen replied that the Nomination Committee did engage EPF for a candidate to replace Puan Rohaya and evaluated the candidate proposed by EPF. This notwithstanding, the Board shall endeavour to increase women representation on the Board as and when there is a vacancy as well as when suitable and qualified candidates are identified.

3. After the appointment of Tunku Alizakri (Non-Independent Non-Executive Director) to the Board on 1 June 2023, it later came to the knowledge of the Board that two of his immediate family members were sitting on the boards of public listed companies in the same industry as United Plantations. In addressing the perceived COI and in line with good governance, Tunku Alizakri proactively tendered his resignation from the Board and resigned on 19 February 2024 to avoid any COI issue. (page 134 of AR2023)

What measures has the Nomination Committee taken to ensure that the risk of perceived COI could be mitigated and addressed in future director appointments?

Answer:

Mr Martin Bek-Nielsen replied that the Nomination Committee, in line with Bursa's amended listing requirement dated 23 May 2023 on COI, requires board candidates to disclose all COIs, including potential and perceived COIs. This would mitigate and address this risk going forward.

4. The Group incurred RM806,530 during the financial year for its outsourced internal audit and in-house internal audit department. (page 136 of AR2023)

What is the breakdown of the cost of internal audit between outsourced internal audit and in-house internal audit department?

Answer:

Mr. Martin Bek-Nielsen replied that the breakdowns are approximately 80% for in-house internal audits and the balance for outsourced internal audits.

Questions from Mr. Teh Sun Nee

1. How much in total was spent on fertiliser used in FY2023? Will this amount significantly reduce in FY2024?

Answer:

Dato' Carl Bek-Nielsen replied that fertiliser prices had come down in 2024 from 2023.

2. How much in total was spent on pesticide/insecticide/herbicide in FY 2023?

Answer:

Dato' Carl Bek-Nielsen replied UP had obtained good prices for these to sustain its low cost of production.

3. How much is the average increment of basic salary enjoyed by plantation workers of UTDPLT in year 2024?

Answer:

Mr. Martin Bek-Nielsen replied that the 2024 new collective agreement between MAPA/NUPW is being negotiated and has not been finalised.

4. What was the average selling price of coconut in year 2023? Are these nuts sold to external customers in the form of raw coconut or coconut products?

Answer:

Dato' Carl Bek-Nielsen replied that the prices vary depending on nut variety and supply and demand. We have not ventured downstream into coconut products.

5. What is the area of matured oil palm plantation that a worker is able to cover in United Plantation in year 2023? Will there be any significant improvement in year 2024?

Answer:

Dato' Carl Bek-Nielsen replied that the labour-to-land ratio is about 1:10 and there have been improvements in this area over the years.

6. What is the area of matured coconut plantation that a worker is able to cover in United Plantation in year 2023?

Answer:

Dato' Carl Bek-Nielsen replied that the labor-to-land ratio for coconut estates is about 1: 12 ha.

7. "In 2023, focus will also be channelled towards expanding our sales and marketing department as we explore further opportunities to market our speciality fats directly through business-to-business arrangements with customers globally." (AR 2023) Is this the cause or effect of sales contribution from major customer declined significantly in FY2023? Is that more profitable to market the product directly?

Answer:

Mr Martin Bek-Nielsen replied that as can be seen on page 199 note 29(3), there is lower revenue from a major customer in 2023. However, this is mainly due to the lower raw materials prices in 2023 as compared to 2022. It is usually more profitable to market the product directly as there is no middleman between buyer and seller, however, more resources and time are required to develop trust with the end customers directly.

8. Astra Agro Lestari (a plantation company in Indonesia) currently works with seeds that can yield harvests by the age of 25 months after planting in their estates in Central Kalimantan. Does our new generation of crop able to catch up with this competition?

Answer:

Dato' Carl Bek-Nielsen replied that the high yield achieved by UP is because of its "Rolls-Royce" planting materials.

9. IOI is diversifying into cash crops and intercropping to optimise the revenue of operating units undergoing replanting programmes. Does UTDPLT practise the same?

Answer:

Dato' Carl Bek-Nielsen replied that UP is not doing this but focuses in what it does best in its class, that is oil palm and coconut cultivation.

10. Will UP explore the use of humanoids to minimize labour cost so that cost advantage of palm oil production over soy oil can be secured in the future?

Answer:

Dato' Carl Bek-Nielsen replied that we are not using humanoids in our operation right now. However, we are keeping track of the development in this area and would adopt this if it is pragmatic and able to increase productivity and enhance value.

11. Is that possible for the next AGM to be conducted in a hybrid form where shareholders are able to attend the physical meeting or join the meeting online in-case they are not able to travel?

Answer:

Dato' Carl Bek-Nielsen replied that we do not plan to have a hybrid AGM at the moment.

12. Is the Red Sea crisis that began on 19 October 2023 going to increase the logistic cost of our business and would it affect the delivery schedule of our products?

Answer:

Mr Martin Bek-Nielsen replied that the Red Sea crisis has resulted in the surging of global logistic costs. However, this does not affect UP Group much as our sale terms are mainly on FOB or ex-factory basis.

The crisis has resulted in the delay of shipments by 14 to 21 days due to the longer shipping route via the Cape of Good Hope. Our shipping and logistics department is working closely with our customers to minimize the impact of this and the operation in this area except for the delay is still running smoothly.

13. With lesser replanting next year, what would UP do with the extra seedlings?

Answer:

Dato' Carl Bek-Nielsen replied that UPRD established since 1951 is producing seeds for our estates as well as selling to other plantation companies to help Malaysia to lift its yield.

14. May I know what are the reasons for the sharp increase in Other Income as reported on page 150 of the Annual report?

Answer:

Mr Martin Bek-Nielsen replied that this was mainly due to the hedging gain of RM61.4 million and RM9.3 million gain from the reversal of quality claims.

15. On page 198 of the Annual Report, the profit of the refinery segment reported a lower profit when compared with 2022. Is this a new norm?

Answer:

Dato' Carl Bek-Nielsen replied that the margin goes up and down and this is not a new normal. Competition is not standing still and Management is obliged to continue creating value for its shareholders.

Mr. Teh Sun Nee thanked the management and all the staff and workers for delivering such great value to our country, society, and all the shareholders.

Questions from Mr. Bhupinder

Mr. Bhupinder congratulates UP for its stellar performance and record profits. He further thanks the Board for the good dividends.

1. What is the expected increase in production for both Malaysia & Indonesia for 2024?

Answer:

Dato' Carl Bek-Nielsen replied that the production is expected to be in line with last year or slightly higher.

2. By how many hectares will replanted areas come to maturity in Malaysia & Indonesia in 2024 & 2025.

Answer:

Dato' Carl Bek-Nielsen replied that as per our age profile analysis on page 218 of our annual report around 600 ha of earlier replanted areas will reach maturity in 2024 and around 600 ha in 2025. No areas in Indonesia will come into maturity as all areas are mature today.

3. What hectareage will be replanted in each of the years 2024 & 2025.

Answer:

Dato' Carl Bek-Nielsen replied that we normally replant 3-5% of our total oil palm area on an annual basis.

4. What further effective mechanization will you be introducing in palm oil production and for all other processes

Answer:

Dato' Carl Bek-Nielsen replied that tests and innovations on mechanisation are ongoing and only those proven to be of good use are introduced to the operations.

5. U.P achieved in 2023 a commendable record net profit of RM711 m up 17% over 2022 with also a record dividend of RM 1.90.

Will UP be able to better these records in 2024?

Answer:

Dato' Carl Bek-Nielsen replied we will do our best and time will tell.

6. To what extent was UP's record profit in 2023 due to a weakening ringgit which should also help in 2024 as the Ringgit has been further weakening until the US cuts its Fed rates?

Answer:

Mr Martin Bek-Nielsen replied the weakening of the Ringgit does have a positive impact on our results, especially in the downstream sector as we mainly sell our refined products in USD. Furthermore, a weak Ringgit usually has a positive impact on CPO prices in Ringgit terms as the global palm olein market is traded in USD.

7. What is involved in UP's partnership with the Copenhagen Zoo?

Answer:

Dato' Carl Bek-Nielsen replied that the collaboration with Copenhagen Zoo which has 155 years of experience in managing biodiversity and balancing of economy and ecology is to assist UP to enhance UP's credential in this department. Please refer to pages 54-63 in the 2023 annual report for a comprehensive overview of our collaboration with CPH ZOO.

8. What will be UP's capital expenditure this year?

Answer:

Dato' Carl Bek-Nielsen replied that we have budgeted a capital expenditure of RM158 million as reported under Note 30 Capital commitments on page 200 of the 2023 Annual Report.

9. With UP's huge cash position of RM634 million, will you be pursuing any acquisitions?

Answer:

Dato' Carl Bek-Nielsen replied that the Board is always on the lookout for investment opportunities. However, the Board has selection criteria and would not compromise on quality as there is no point in having more land banks but making a lesser profit.

Questions from Mr. Ong Kean Teong

1. What is the income for coconuts and would coconut become the main crop of UP?

Answer:

Dato' Carl Bek-Nielsen replied that the prices of coconut and palm oil go up and down. The main crop of UP is oil palm.

2. Would the newly acquired Tanarata Estate add to growth?

Answer:

Dato' Carl Bek-Nielsen replied that we would not have acquired the property if it did not create value for the Group.

Questions from Mr. Ong Boon Keat of Etiqa Insurance

1. Would UP continue to have a dividend payout ratio of more than 100%?

Answer:

Dato' Carl Bek-Nielsen replied that the dividend payout ratio depends on our profitability and cash reserves, however, continuously having a payout ratio above 100% is unlikely.

2. What is the growth plan for the next 3 years?

Answer:

Dato' Carl Bek-Nielsen replied that we would always strive to create value for its shareholders.

3. May I know when UP will conduct its bi-annual analyst briefing?

Answer:

Mr. Martin Bek-Nielsen replied that we would announce this on our website in due course. Dato' Carl Bek-Nielsen suggested the analysts attend the AGM for equal dissemination of information.

Question from Mr. Ho Kat Ming

1. Would UP venture into organic palm oil which commanded a premium price?

Answer:

Dato' Carl Bek-Nielsen replied that some Latin American producers produced organic palm oil. We had looked at this extensively including the price. However, the yield is only half the conventional palm oil and the GHG emission is much higher. We are not joining this route as we are committed to the lowering of GHG emissions.

Question from Mr. Woo Khai Woon

1. UP Malaysia CPO production increased by 62% from 134,999 mt in 2016 to 219,026 mt in 2023. FFB yield per ha increased from 21.11 mt to 28.94 mt and CPO yield per ha increased from 4.64 mt to 6.3 mt in the same period. However, if we compared the record production in 2023 to 203,864 mt produced in 2008, the increase was only 7.4% which was much lower than the increase in production for the period from 2016. May I know the reasons?

Answer:

Dato' Carl Bek-Nielsen replied that one of the reasons was that some of the oil palm areas were replanted with coconut. The other reason is that UIE, the biggest and most high yielding estates in the group underwent complete replanting from 2009 to 2018 involving 139 fields. This reduced the overall production and yield per ha of UP Malaysia. These replanted fields have from 2018 onwards maturing progressively pushing up the production and the yield again.

2. Would UP venture into coconut downstream activities which are profitable with almost 100% margin?

Answer:

Dato' Carl Bek-Nielsen replied that this may be the case 30 years ago but a lot have happened since then. The competition is stiff, especially from Indonesia. A major player from Indonesia has a production capacity that is so huge that its single-day production is more than the production of all Malaysian producers combined. Dato' Carl Bek-Nielsen thanked Mr. Woo for his input.