

FIRST RESOURCES LIMITED

(Incorporated in Singapore)

MINUTES OF ANNUAL GENERAL MEETING

PLACE : Suntec Singapore Convention & Exhibition Centre
1 Raffles Boulevard, Level 3, Room 304,
Suntec City, Singapore 039593

DATE : Monday, 29 April 2019

TIME : 10.00 a.m.

PRESENT : Please see Attendance List attached hereto.

IN ATTENDANCE : Please see Attendance List attached hereto.

CHAIRMAN : Mr Lim Ming Seong

QUORUM

As a quorum was present, the Chairman declared the meeting open at 10.00 a.m.

INTRODUCTION

The Chairman introduced the Board of Directors and requested Mr Ciliandra Fangiono, Chief Executive Officer ("CEO") to deliver a short presentation on the Group's FY2018 performance. Copies of the presentation slides, which were released via SGXNET, are annexed to these minutes as Appendix "A". After the presentation, the CEO handed over the proceedings to the Chairman and questions from the Shareholders were fielded. The questions raised and the responses are attached to these minutes as Appendix "B".

NOTICE

The Notice convening the Meeting was taken as read.

The Chairman informed that all the resolutions tabled at the Meeting would be voted by way of electronic poll and Boardroom Corporate & Advisory Services Pte. Ltd. and Reliance 3P Advisory Pte Ltd have been appointed as the polling agent and scrutineer respectively. The scrutineer, Reliance 3P Advisory Pte Ltd explained the rules of the electronic poll voting process.

ORDINARY BUSINESS:

1. DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The motion in relation to Resolution 1 set out as follows was duly proposed and seconded:

"That the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 and the Auditor's Report be received and adopted."

The result of Ordinary Resolution 1 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,704,934 | 1,410,356,634 | 99.98 | 348,300 | 0.02 |

Accordingly, Ordinary Resolution 1 tabled at the Meeting was carried.

2. FINAL DIVIDEND – RESOLUTION 2

The Directors had recommended the payment of a final dividend of 2.00 Singapore cents per share (one-tier, tax exempt) for the year ended 31 December 2018. The final dividend, if approved, would be paid on 16 May 2019.

The motion in relation to Resolution 2 set out as follows was duly proposed and seconded:

“That the payment of a final dividend of 2.00 Singapore cents per share (one-tier, tax exempt) for the year ended 31 December 2018 be approved.”

The result of Ordinary Resolution 2 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,954,934 | 1,410,641,934 | 99.98 | 313,000 | 0.02 |

Accordingly, Ordinary Resolution 2 tabled at the Meeting was carried.

3. RE-ELECTION OF MR ONG BENG KEE – RESOLUTION 3

Mr Ong Beng Kee who was retiring pursuant to Regulation 103 of the Company's Constitution had consented to continue in office.

The motion in relation to Resolution 3 set out as follows was duly proposed and seconded:

"That Mr Ong Beng Kee be re-elected as a Director of the Company."

The result of Ordinary Resolution 3 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,630,034 | 1,409,969,756 | 99.95 | 660,278 | 0.05 |

Accordingly, Ordinary Resolution 3 tabled at the Meeting was carried.

4. RE-ELECTION OF MR CHANG SEE HIANG – RESOLUTION 4

Mr Chang See Hiang who was retiring pursuant to Regulation 109 of the Company's Constitution had consented to continue in office.

The motion in relation to Resolution 4 set out as follows was duly proposed and seconded:

"That Mr Chang See Hiang be re-elected as a Director of the Company."

The result of Ordinary Resolution 4 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| | | | | |

| | | | | |
|---------------|---------------|-------|-----------|------|
| 1,410,634,034 | 1,409,614,108 | 99.93 | 1,019,926 | 0.07 |
|---------------|---------------|-------|-----------|------|

Accordingly, Ordinary Resolution 4 tabled at the Meeting was carried.

5. RE-ELECTION OF MR CILIANDRA FANGIONO – RESOLUTION 5

Mr Ciliandra Fangiono who was retiring pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) had consented to continue in office.

The motion in relation to Resolution 5 set out as follows was duly proposed and seconded:

“That Mr Ciliandra Fangiono be re-elected as a Director of the Company.”

The result of Ordinary Resolution 5 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,953,934 | 1,396,650,863 | 98.99 | 14,303,071 | 1.01 |

Accordingly, Ordinary Resolution 5 tabled at the Meeting was carried.

6. DIRECTORS’ FEES – RESOLUTION 6

The Board had recommended the payment of Directors’ fees of S\$413,333 for the year ended 31 December 2018.

The motion in relation to Resolution 6 set out as follows was duly proposed and seconded:

“That the payment of Directors’ fees of S\$413,333 for the year ended 31 December 2018 be approved.”

The result of Ordinary Resolution 6 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,632,934 | 1,410,609,934 | 100.00 | 23,000 | 0.00 |

Accordingly, Ordinary Resolution 6 tabled at the Meeting was carried.

7. RE-APPOINTMENT OF AUDITOR – RESOLUTION 7

The retiring auditor, Messrs Ernst & Young LLP, had expressed its willingness to continue in office.

The motion in relation to Resolution 7 set out as follows was duly proposed and seconded:

“That Messrs Ernst & Young LLP be re-appointed as the Auditor of the Company until the next Annual General Meeting at a remuneration to be fixed by the Directors.”

The result of Ordinary Resolution 7 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,607,034 | 1,410,586,034 | 100.00 | 21,000 | 0.00 |

Accordingly, Ordinary Resolution 7 tabled at the Meeting was carried.

SPECIAL BUSINESS:

8. AUTHORITY TO ISSUE SHARES – RESOLUTION 8

The motion in relation to Resolution 8 set out as follows was duly proposed and seconded:

“That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

The result of Ordinary Resolution 8 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,949,034 | 1,345,748,718 | 95.38 | 65,200,316 | 4.62 |

Accordingly, Ordinary Resolution 8 tabled at the Meeting was carried.

9. PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE – RESOLUTION 9

The motion in relation to Resolution 9 set out as follows was duly proposed and seconded:

“That:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries, its target associated companies and corporations which become the Company’s subsidiaries or target associated companies (the “**Group**”) or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as described in the Appendix to this Notice of AGM dated 5 April 2019 (the “**Appendix**”) with any party who is of the class of Interested Persons as described in the Appendix provided that such transactions are made on normal commercial terms and in accordance with the Review Procedures for such Interested Person Transactions as set out in the Appendix (the “**IPT Mandate**”);

- (b) the approval given for the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including but not limited to the execution of all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.”

The result of Ordinary Resolution 9 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 385,760,604 | 380,745,204 | 98.70 | 5,015,400 | 1.30 |

Accordingly, Ordinary Resolution 9 tabled at the Meeting was carried.

10. PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE – RESOLUTION 10

The motion in relation to Resolution 10 set out as follows was duly proposed and seconded:

“That:

- (a) for the purposes of the Companies Act, Cap. 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (defined below), whether by way of:
- (i) an on-market purchase (“**Market Purchase**”) effected on the SGX-ST through the ready market, which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
 - (ii) an off-market purchase (“**Off-Market Purchase**”) effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution relating to the Share Purchase Mandate and expiring on:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is the earlier;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting; or
- (iii) the date on which the Share Purchase has been carried out to the full extent mandated,

whichever is the earliest;

- (c) in this Resolution relating to the Share Purchase Mandate:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

“**Market Day**” means a day on which the SGX-ST is open for trading in securities;

“**Maximum Limit**” means that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed in relation to the Share Purchase Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares (excluding treasury shares and subsidiary

holdings) shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any treasury shares and subsidiary holdings, as may be held by the Company from time to time);

“Maximum Price” in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price; and

“Relevant Period” means the period commencing from the date of the resolution passed in relation to the Share Purchase Mandate and expiring on the date on which the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier;

- (d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company; either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and
- (e) the Directors and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution relating to the Share Purchase Mandate.”

The result of Ordinary Resolution 10 tabled at the Meeting, taken on a poll, was as follows:

| Total number of shares represented by votes for and against the relevant resolution | FOR | | AGAINST | |
|---|------------------|---|------------------|---|
| | Number of shares | As a percentage of total number of votes for and against the resolution (%) | Number of shares | As a percentage of total number of votes for and against the resolution (%) |
| 1,410,637,834 | 1,362,873,864 | 96.61 | 47,763,970 | 3.39 |

Accordingly, Ordinary Resolution 10 tabled at the Meeting was carried.

At this juncture, the Meeting was informed that as part of the board renewal process, Ms Ng Shin Ein, who has served on the Board for more than nine years and was due to retire pursuant to Regulation 103 of the Company's Constitution, did not offer herself for re-election at this Meeting. Consequent to Ms Ng's retirement at this Meeting, she also ceased to be the Chairman of the Remuneration Committee and a member of the Nominating Committee. The Board expressed its appreciation to Ms Ng for her contribution and guidance during her tenure.

CONCLUSION

There being no other business to transact, the Chairman declared the Annual General Meeting of the Company closed at 11.00 a.m. and thanked everyone for their attendance.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD**LIM MING SEONG
CHAIRMAN**

**APPENDIX “B” TO THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 29
APRIL 2019: QUESTIONS RAISED**

Question : For FY2018, the Group’s performance was lacklustre due to the depressed palm oil prices. Are the prices going to recover and if so, to what degree?

Answer : Evidently, palm oil price is the single largest influence on our financial performance as an upstream palm oil producer.

Palm oil prices in FY2018 had been impacted by the robust supply growth. However, supply is generally expected to grow at a slower pace in FY2019 as compared to FY2018. For Indonesia alone, production is expected to grow by approximately 2 million tonnes in FY2019 as compared to approximately 4 million tonnes in FY2018, lessening the pressure on prices from a supply perspective.

From a demand perspective, prices in FY2018 were also impacted by weak import volumes from India and China, which are envisaged to improve in FY2019.

FY2019 is also expected to see increased demand from the full impact of the implementation of Indonesia’s B20 biodiesel mandate, with impending plans for the roll-out of the B30 mandate in FY2020.

Notwithstanding the above, prices are also dependent on other external factors such as the US and China trade negotiations, as well as the impact of the African swine flu on China’s soybean imports.

Lastly, palm oil prices are intricately linked to energy prices as strong energy prices vis-à-vis attractively priced palm biodiesel will stimulate demand and consumption of palm oil for biofuel purposes.

Comment/Question : The Board has done a good job despite the current economic environment. How does the volatility of the Indonesia Rupiah (“IDR”) affect the profitability of the Group? Is palm oil sold in IDR?

- Answer : IDR is an important currency to the Group since 50% of our costs is denominated in IDR. As the Group's financials are presented in United States Dollar ("**USD**"), such IDR-denominated costs would decline in USD terms when IDR depreciates.
- In terms of revenue, whilst the Group's local sales in Indonesia are invoiced in IDR, these domestic selling prices are still set with reference to international palm oil prices which are traded in USD.
- Question : If the IDR depreciates, what will happen to the IDR denominated cash maintained in the bank?
- Answer : Whilst we require IDR on a monthly basis for the payment of local operating expenses, any excess liquidity is typically maintained in USD with the banks.
- Question : What is the impact of soybean prices on palm oil prices in a situation where soybean prices rise due to increased demand from China? Given that soybean oil and palm oil are mutual substitutes, would this be beneficial for palm oil prices?
- Answer : Soybean has two main products, namely soybean meal and soybean oil. Soybean is a unique product in which most of its demand is in the form of meal. China imports soybeans for crushing primarily to meet its soybean meal requirements and the soybean oil is a by-product from the crushing process.
- Soybean oil prices and palm oil prices are closely related, wherein higher soybean oil prices are generally supportive of palm oil prices. However, if China imports more soybeans to meet their soybean meal demand, there would be more soybean oil produced to satisfy its domestic demand for edible oils, thus reducing the country's imports of palm oil and other forms of edible oils.
- Question : Do we have biodiesel plants and how big are they?
- Answer : Yes, we have a biodiesel plant with an annual capacity of 250,000 tonnes.
- Question : Are our plantations situated in remote or city areas?
- Answer : Our plantations are generally situated in remote areas.
- Question : Are palm oil prices determined in Malaysia Ringgit ("**RM**") or USD?
- Answer : Buyers and sellers of palm oil typically negotiate in USD. As such, foreign exchange movements could affect the traded price of the RM denominated palm oil futures as they are referenced off the prevailing USD prices in the market.

- Question : With such depressed prices currently, will the Group acquire more land/plantations for expansion?
- Answer : The Group's strategy in the past was to undertake organic growth through new plantings. From time to time, we had also acquired unplanted land banks and converted them into plantations. However, that avenue of growth, although very successful, had more or less come to an end by 2015 with the adoption of a No Deforestation, No Peat, No Exploitation ("**NDPE**") policy by us as well as many other players in the industry. Therefore, acquiring unplanted land banks for conversion is no longer a meaningful strategy since 2015. On the other hand, acquiring planted assets may be possible if (i) synergies and economies of scale could be derived from our existing operating areas and the acquired assets; and (ii) the regulations are supportive. However, there is currently a regulation in Indonesia wherein oil palm plantation groups with more than 100,000 hectares is restricted from acquiring more land.
- Question : You have reached the 100,000 hectares threshold?
- Answer : Yes, we are currently above the 100,000 hectares threshold.
- Question : Does that also mean we cannot acquire in the neighbouring provinces?
- Answer : Yes, the 100,000 hectares threshold applies throughout Indonesia. There are some waivers for Papua where the limits may be higher. However, Papua is a different proposition as most of the lands there are unplanted land banks.
- Question : Are you going to venture out of Indonesia for palm oil?
- Answer : There are no plans to venture out of Indonesia for palm oil as the Group has generally performed well in Indonesia through its strategy of yield maximisation and cost minimisation. Before venturing into a new geography, we have to be convinced that we will be able to achieve the same competitive edge in the new geography. After all, palm oil is a commodity and there are many market conditions which are not within our control.
- Question : What are the health benefits of canola oil over palm oil? Also, given that the prices of canola oil have declined significantly, how would this impact palm oil prices?

- Answer : We are unable to advise specifically in terms of the health benefits between the different vegetable oils.
- However, in terms of market share, palm oil is the biggest, followed by soybean oil, with the remaining made up of rapeseed, canola and sunflower oil etc. Whilst these different edible oils are all competitors or substitutes against one another, the closest competitor to palm oil would be soybean oil.
- These edible oil crops are derived from different parts of the world, with oil palm mainly planted in Asia; soybean in North and South America; and rapeseed, canola and sunflower most commonly in Europe.
- There have been many health debates in the market such as (i) palm oil having more saturated fats than the other edible oils; and (ii) other oils going through a process called hydrogenation that creates trans-fats which is known to be worse than saturated fats etc. In summary, there are differing views on the health benefits of the different vegetable oils, which co-exist together as a group of edible oils.
- Question : What is the weighted average age (“**WAA**”) of the Group’s plantation age profile for 2018? As the WAA could provide shareholders insight on the Group’s position as compared to industry peers, please include the WAA into the next Annual Report.
- Answer : The WAA of the Group’s plantation age profile as at 31 December 2018 is 11 years, as disclosed in our quarterly results presentation as well as the 2018 Annual Report. Going forward, the Company would feature the WAA more prominently in its Annual Reports.
- Comment : Arising from the European Union (“**EU**”) biofuel policy, there would be a decrease in demand for palm oil. As the largest palm oil producers are Indonesia and Malaysia, the Group should consider supporting The Council of Palm Oil Producing Countries (“**CPOPC**”) in engaging non-governmental organisations (“**NGOs**”) to retaliate against the EU biofuel policy in manner such as looking into the sustainability of competing crops like soybean, rapeseed and sunflower.
- Answer : The Group is working closely with organisations such as CPOPC, which is very active in terms of the campaigns for palm virtues etc.
- Question : Does Indonesia have a good case with the World Trade Organisation against the impending EU biofuel policy? How would this affect First Resources in terms of its sustainability and would the certification process for certain of our plantations be sped up?

Answer : Approximately 10% of the world's palm oil demand in 2018 comes from the EU market at approximately 7 million tonnes. Indonesia was the largest consumer for palm oil in 2018 at approximately 12 million tonnes.

Under the impending EU biofuel policy, the contribution of palm oil in biofuels to renewable energy targets in the EU will be capped at 2019 levels until 2023 and reduced to zero by 2030. Out of the 7 million tonnes of palm oil imports into the EU market, approximately 3 to 4 million tonnes are at risk as half of EU's palm oil imports are used for fuel purposes and the rest for consumption. Consequently, EU will also have to consider alternatives and substitutes for the 3 to 4 million tonnes of the bloc's biofuel needs.

In terms of certification, it is important to note that the Group is currently selling certified biodiesel to EU, although certification requirements may be tightened under the impending EU biofuel policy.

Question : How are the plantations and production volume affected with the dry weather in certain parts of Malaysia and Indonesia?

Answer : The Group expects its 2019 production growth rate to be in the region of 5%, which is also similar with industry estimates on Indonesia's production growth rate for the year.

Question : Some of the attacks by NGOs arose from the transactions between listed companies and their related parties. As the amount of Interested Person Transactions ("IPTs") is minimal, would it be possible to consider discontinuing such transactions?

Answer : The Group's IPT mandate basically covers the rental of office premises and purchases of palm products from related parties. Rental of office premises is typically not the subject of NGOs' attack.

The purchases of palm products from related parties are conducted at rates which are referenced off prevailing market prices. There is no long-term contract agreement and the purchases could be discontinued at any point in time.

Although the Group supplies approximately 90% of its feedstock requirement internally, there are still some purchases from external suppliers which form part of our supply chain. Due to the Group's commitment to our NDPE policy, all related party and third party suppliers would have to adhere to our NDPE policy as well. Should any of these parties be found to have flouted these commitments, we would discontinue purchasing from them immediately.