



**Terms of Reference for the Proposed
Investment into
SaiKris Dairies (Gua Tempurung) Sdn Bhd**

**SAIKRIS COMMUNITY DEVELOPMENT
COOPERATIVE**

Terms of Reference for the Proposed Investment into SaiKris Dairies (Gua Tempurung) Sdn Bhd

1.0 Introduction

This Terms of Reference (TOR) is prepared to be presented to the members during the Commencement General Meeting for approval.

Upon approval, this TOR will be submitted together with all relevant documents to the Suruhanjaya Koperasi Malaysia for approval.

This TOR is specifically for the Proposed Investment of Koperasi Pembangunan Masyarakat SaiKris (KopSK) into SaiKris Dairies (Gua Tempurung) Sdn Bhd's dairy farm project.

2.0 The Project Summary

2.1 Project Background

SaiKris TechDairies Sdn Bhd (SKTD) has embarked on a First in Asia, fully robotics dairy farm in Gua Tempurung, Perak. This is being done via SKTD's 100% subsidiary company, SaiKris Dairies (Gua Tempurung) Sdn Bhd (SKGT).

The project capital expenditure is RM60.0 million and has prior to the start of the project, SKTD via its related company, has spent more than RM5.0 million on the feasibility study of the project.

SKGT has secured a 30-year lease from the Perak State government's agriculture development corporation. SKGT has also secured world renowned technical partners/suppliers for the project such as DAX listed GEA of Germany.

SKGT has completed all technical drawings for the project buildings and has secured the relevant quotes for all equipment and animals.

More importantly, SKGT has secured a Multinational Company as an off-taker of all the milk produced at the farm. The offtake is potentially worth over RM200 million over 10 years.

SKGT started the land clearing in 2022 and the project is on-going with the construction of the first barn to commence in July 2022.

The entire project is scheduled to be completed by the first quarter of 2023 with 1000 milking cows.

2.2 Project Delivery Timeline

Full details of the project for the members can be found in our KopSK's website.

PHASE 1												
PHASE 2												
Year 0	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	
	Land Clearing		Land Levelling									
						Start of Phase 1 Construction	End of Phase 1 Construction					
		Deposit Payment to GEA	Deposit payment to all other suppliers including animals					Arrival of Robots	Arrival of 250 Cows (Phase 1) (5 Months preg)			
								Arrival of Other Machinery				
										Start of Phase 2 Construction		
										Deposit Payment to GEA		
										Deposit payment to all other suppliers including animals		
Year 1	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
			Phase 1 Milk Revenue starts									
			Arrival of Robots	Arrival of 250 Cows (Phase 2 - 1st batch) (5 Months preg)		Arrival of 250 Cows (Phase 2 - 2nd batch) (5 Months preg)	Arrival of 250 Cows (Phase 2 - 3rd batch) (5 Months preg)	Phase 2 - 1st batch Milking Revenue starts		Phase 2 - 2nd batch Milking Revenue starts		
		End of Phase 2 Construction	Arrival of Other Machinery									Phase 2 - 3rd batch Milking Revenue starts

3.0 Investment Recommendations

3.1 Shareholding

It is recommended that KopSK purchases 25% of SKGT for a consideration of RM20.0 million from SKTD on condition that the RM20.0 million is paid directly into SKGT for the project.

KopSK is to negotiate for a prorated shareholding in SKGT if KopSK raises below RM20.0 million.

This is in line with the desire and aspirations of the owners of SKTD for the entire Malaysian community to benefit from the project financially and also to inculcate the sense of ownership in such a huge project.

3.2 Buy Back Guarantee

It is recommended that KopSK gets a Buy Back Guarantee from SKTD to purchase partially or entirely the shares of KopSK's 25%, at the original price any time after 2 years of the investment. For

avoidance of doubt, after 2 years means after Financial Year Ending 2024.

This is to ensure that KopSK can exit the project if it not satisfied with any matter, without suffering any financial loss.

3.3 Dividend Top-Up Guarantee

It is recommended that KopSK gets SKTD to guarantee that it will top up the amount needed to give the KopSK members a minimum dividend of 10% per annum for 10 years.

This amount will be as per KopSK's Projected Annual Budget as presented during the Commencement General Meeting.

This will ensure KopSK is able to meet its promise to its members.

The Projected Annual Budget can be found in KopSK's website.

BELANJAWAN TAHUNAN / ANNUAL BUDGET						
KOPERASI PEMBANGUNAN MASYARAKAT SAIKRIS LUMPUR BERHAD						
SAIKRIS COMMUNITY DEVELOPMENT COOPERATIVE						
BELANJAWAN / ANNUAL BUDGET						
		1ST JULY 2022 - 31ST DEC 2023	1ST JAN 2024 - 31ST DEC 2024	1ST JAN 2025 - 31ST DEC 2025	1ST JAN 2026 - 31ST DEC 2026	1ST JAN 2027 - 31ST DEC 2027
		RM	RM	RM	RM	RM
*PENDAPATAN / REVENUE						
	Fi Masuk / Joining Fee (1000 X RM300)	300,000	-	-	-	-
	Dividen Dari Pelaburan / Dividend from Investment	-	1,250,000	2,500,000	2,500,000	2,500,000
		300,000	1,250,000	2,500,000	2,500,000	2,500,000
	Jumlah Pendapatan / Total Revenue	300,000	1,250,000	2,500,000	2,500,000	2,500,000
*PERBELANJAAN / EXPENSES						
	Perbelanjaan Am / General Expenses	19,200	13,800	135,800	135,800	135,800
	Pelbagai / Jumlah Pelbagai Perbelanjaan / Total Other Expenses	200,858	249,672	561,612	561,612	561,612
	Jumlah Perbelanjaan / Total Expenses	220,058	263,472	697,412	697,412	697,412
	Lebihan Pendapatan Dari Perbelanjaan / Surplus after Expenses	79,942	986,528	1,802,588	1,802,588	1,802,588
STATUTORI / STATUTORY						
	1% Kumpulan Wang Amanah Pembangunan Koperasi	799	9,865	18,026	18,026	18,026
	2% Kumpulan Wang Amanah Pendidikan Koperasi	1,599	19,731	36,052	36,052	36,052
	15% Kumpulan Wang Rizab Statutori	11,991	147,979	270,388	270,388	270,388
	5% Kumpulan Wang Penebusan Syer	3,997	49,326	90,129	90,129	90,129
	Lebihan Pendapatan Selepas Perbelanjaan, Cukai & Statutori / Surplus after Expenses, Taxation & Statutory	61,555	759,627	1,387,993	1,387,993	1,387,993
	Lebihan Pendapatan Selepas Cukai / Surplus after Taxation	61,555	759,627	1,387,993	1,387,993	1,387,993
	BAKI BAWA KEHADAPAN / AMOUNT C/F		61,555	21,182	9,175	97,167
	Baki Keuntungan Berkumpul / Accumulated Surplus	61,555	821,182	1,409,175	1,397,167	1,485,160
	DIVIDEND GUARANTEED TOP UP BY SKTD		1,200,000	600,000	700,000	600,000
	TOTAL AVAILABLE FOR DIVIDEND		2,021,182	2,009,175	2,097,167	2,085,160
	PEMBAYARAN DIVIDEN / DIVIDEND PAYOUT	-	2,000,000	2,000,000	2,000,000	2,000,000
			21,182	9,175	97,167	85,160
	Percentage		10.00%	10.00%	10.00%	10.00%
* Tertakluk kepada perubahan/bidang aktiviti perniagaan koperasi. / Subject to the changes on the Cooperative's business activity						

3.4 **Board Representation**

It is recommended that KopSK be represented on the Board of SKGT by the CEO of KopSK.

3.5 **Internal Audit Representation**

It is recommended that 3 members of KopSK's Board Members sit on SKGT's Internal Audit Committee. The Internal Audit committee of SKGT **must** meet once a month to review the project progress to report back to KopSK Board.
