

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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Plantations

BOUSTEAD PLANTATIONS BERHAD

(Company No.: 1245-M)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SALE OF 5 ADJOINING PARCELS OF FREEHOLD LAND MEASURING A TOTAL OF 677.78 HECTARES TO SETIA RECREATION SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM620.1 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AFFIN HWANG
CAPITAL

AFFIN HWANG INVESTMENT BANK BERHAD (14389-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting ("EGM") and the Proxy Form are enclosed in this Circular.

Details of our EGM:

- **Date and time** : Wednesday, 5 April 2017 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of our 104th Annual General Meeting which will be held at 9:00 a.m. on the same day and at the same venue, or at any adjournment thereof, whichever is later.
- **Venue** : Mutiara Ballroom, Ground Floor, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

You are allowed to appoint a proxy to vote on your behalf. Please complete and return the Proxy Form in accordance with the instructions therein. The details of lodging the Proxy Form are as follows:

- **Last date and time for lodgment** : Monday, 3 April 2017 at 11:00 a.m. or not less than 48 hours before the time set for our EGM or at any adjournment thereof.
- **To be deposited at our Share Registrar's registered office** : Tricor Investor & Issuing House Services Sdn Bhd located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

This Circular is dated 16 March 2017

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	: Companies Act, 2016
Affin Hwang IB	: Affin Hwang Investment Bank Berhad
Approval Period	: 6 months from the date of the SPA with an automatic extension of 3 months or any extended period as agreed between CIMB Trustee and Setia Recreation
Balance Purchase Price	: RM558.1 million, being 90% of the Sale Consideration
Board	: Board of directors of BPB
BPB or Company	: Boustead Plantations Berhad
BPB Group or Group	: BPB and our subsidiaries, collectively
BPB Shares	: Ordinary shares of our Company
BREIT	: Al-Hadharah Boustead REIT
Bursa Securities	: Bursa Malaysia Securities Berhad
CIMB Trustee	: CIMB Islamic Trustee Berhad, acting solely in the capacity as a trustee for our Company
Circular	: This circular to our shareholders dated 16 March 2017
Conditions Precedent	: Conditions precedent of the SPA, further details as set out in Section 2.3.1 of this Circular
Deposit	: RM62.0 million, being 10% of the Sale Consideration
EGM	: Extraordinary general meeting
ELB	: Estate Land Board
EPU	: Economic Planning Unit of the Prime Minister's Department of Malaysia
FYE	: Financial year ended or when the context requires, financial year ending
Ha	: Hectares
Lands	: 5 adjoining parcels of freehold land held under GM 59 Lot 1557, GM 966 Lot 1826, GRN 39095 Lot 1829, GRN 46378 Lot 2457 and GRN 35373 Lot 2466, all within Mukim 06, District of Seberang Perai Utara, Pulau Pinang measuring 677.78 Ha
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 28 February 2017, being the latest practicable date prior to the issuance of this Circular
Malakoff Estate	: Oil palm plantation estate located within the District of Seberang Perai Utara, Pulau Pinang measuring 1,379.00 Ha

DEFINITIONS (CONT'D)

MOT	: Memorandum of Transfer
NA	: Net assets
Proposed Sale	: Proposed sale by CIMB Trustee of the Lands to Setia Recreation for the Sale Consideration
Raine & Horne or Valuer	: Raine & Horne International Zaki + Partners Sdn Bhd, a firm of independent valuers registered with the Board of Valuers, Appraisers and Estate Agents, Malaysia
RM and sen	: Ringgit Malaysia and sen, respectively
Sale Consideration	: Cash consideration of RM620,122,555.80 for the Proposed Sale
SC	: Securities Commission Malaysia
Setia Recreation	: Setia Recreation Sdn Bhd
SPA	: Sale and purchase agreement dated 22 December 2016 entered into between CIMB Trustee and Setia Recreation pursuant to the Proposed Sale
Sq ft	: Square foot
Title Deeds	: Original document of title of each of the Lands
Trust Deed	: Principal trust deed dated 11 December 2006 (which was amended and restated by a trust deed dated 3 September 2009 and supplemental trust deeds dated 5 December 2013 and 30 January 2014) executed between Boustead REIT Managers Sdn Bhd as the manager of BREIT and CIMB Trustee
Unconditional date	: The date on which all of the Conditions Precedent have been fulfilled
Valuation Certificate	: Valuation certificate dated 21 December 2016 on the Lands prepared by Raine & Horne
Valuation Report	: Valuation report dated 21 December 2016 on the Lands prepared by Raine & Horne

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” and “**our Company**” are to BPB, and where the context otherwise requires, “our subsidiaries” refers to the subsidiaries of BPB. Our “**Group**” collectively refers to our Company and our subsidiaries.

All references to “**you**” in this Circular are to our shareholders who are entitled to attend and vote at our forthcoming EGM and whose names appear in our Record of Depositors at the time and on the date to be determined by our Board.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian Standard Time (GMT +8), unless otherwise stated.

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NOTICE OF EGM

ENCLOSED

PROXY FORM

ENCLOSED



Plantations

BOUSTEAD PLANTATIONS BERHAD

(Company No.: 1245-M)
(Incorporated in Malaysia)

Registered Office:

28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur

16 March 2017

Board of Directors:

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) (*Non-Independent Non-Executive Chairman*)
Tan Sri Dato' Seri Lodin Wok Kamaruddin (*Non-Independent Non-Executive Vice Chairman*)
Dato' Mohzani Abdul Wahab (*Senior Independent Non-Executive Director*)
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P. (*Independent Non-Executive Director*)
Dr. Raja Abdul Malek Raja Jallaludin (*Independent Non-Executive Director*)
Datuk Zakaria Sharif (*Non-Independent Non-Executive Director*)

To: **Our shareholders**

Dear Sir/Madam,

PROPOSED SALE BY CIMB TRUSTEE, ACTING SOLELY IN THE CAPACITY AS A TRUSTEE FOR OUR COMPANY, OF 5 ADJOINING PARCELS OF FREEHOLD LAND HELD UNDER GM 59 LOT 1557, GM 966 LOT 1826, GRN 39095 LOT 1829, GRN 46378 LOT 2457 AND GRN 35373 LOT 2466, ALL WITHIN MUKIM 06, DISTRICT OF SEBERANG PERAI UTARA, PULAU PINANG MEASURING A TOTAL OF 677.78 HECTARES TO SETIA RECREATION SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM620,122,555.80

1. INTRODUCTION

On 22 December 2016, Affin Hwang IB, on behalf of our Board, announced that CIMB Trustee, acting solely in the capacity as a trustee for our Company, had on even date entered into the SPA with Setia Recreation for the Proposed Sale.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED SALE AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SALE TO BE TABLED AT OUR FORTHCOMING EGM. A NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM IS ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR INCLUDING THE APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SALE AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SALE

The Proposed Sale entails the sale of the Lands by CIMB Trustee to Setia Recreation for the Sale Consideration. The Lands, measuring 677.78 Ha, form part of Malakoff Estate which has a total area of 1,379.00 Ha. After the Proposed Sale, the size of the Malakoff Estate will reduce to 701.22 Ha.

By way of background, currently, CIMB Trustee acts solely in the capacity as a trustee for our Company and holds all of the plantation assets of BREIT, including the Lands, on behalf of our Company as the sole beneficiary.

BREIT was a real estate investment trust established pursuant to the Trust Deed, which was listed on the Main Market of Bursa Securities on 8 February 2007 with our Company as the substantial unitholder. Following the privatisation of BREIT by our Company in January 2014, BREIT was delisted from the Main Market of Bursa Securities.

2.1 Basis and justification of arriving at the Sale Consideration

The Sale Consideration is derived at on a "willing-buyer willing-seller" basis after taking into consideration the market value of the Lands of RM613.0 million as appraised by Raine & Horne, a firm of independent valuers registered with the Board of Valuers, Appraisers and Estate Agents, Malaysia, as at the material date of valuation of 1 December 2016.

In valuing the Lands, Raine & Horne did not adopt the income approach (discounted cash flow method) to derive the market value based on its existing use as an oil palm plantation. This is because the Lands have development potential over and above its existing use value as an oil palm plantation by virtue of its location. Under the concept of 'highest and best use' and being inherent in the concept of market value, Raine & Horne has valued the Lands as development land.

In valuing the Lands as development land, Raine & Horne has adopted the comparison approach of valuation in arriving at the market value of the Lands. This comparison approach of valuation entails comparing the Lands with 6 comparable transactions of agricultural lands that were transacted recently within the same location or other comparable localities. In comparing, adjustments were made for differences in attributes and factors such as market condition, location and accessibility, size, shape and planning to arrive at the market value of the Lands.

Raine & Horne did not adopt the income approach (residual method) as another method of valuation of the Lands as development land as there is no approved layout plan for the development of the Lands as at the material date of valuation.

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Raine & Horne has relied on the following comparable transactions under the comparison approach of valuation:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Location	Fronting onto Jalan Kubang Menerong, travelling from Tasek Gelugor towards Kubang Menerong, Seberang Perai Utara	Partly fronting onto Jalan Kubang Menerong and partly located off the eastern side of Jalan Kubang Menerong, travelling from Tasek Gelugor towards Kubang Menerong, Seberang Perai Utara	Located within Bandar Bertam Perdana, Bertam, Seberang Perai Utara	Located off Jalan Kampung Telok, Sungai Dua and North-South Expressway, Seberang Perai Utara	Situated within a locality off Jalan Simpang Ampat/Tasek, Seberang Perai Selatan	Situated within a locality known as Padang Bongor, Gurun, Kedah
Property type	4 adjoining parcels of agricultural land	4 adjoining parcels of agricultural land	10 adjoining parcels of agricultural land	A parcel of agricultural land	5 parcels of agricultural land	A parcel of agricultural land
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Total title land area (acres)	167.59	203.66	45.66	23.33	128.48	86.58
Analysed land value (per sq ft)	RM5.00	RM4.91	RM13.81	RM15.19	RM16.43	RM10.88
Effective adjustment *	65%	75%	-10%	-25%	-15%	-20%
Adjusted land value (per sq ft)	RM8.25	RM8.59	RM12.43	RM11.39	RM13.97	RM8.70

Note:

* *The adjustment factors include market condition, location and accessibility, size, shape and planning.*

(Source: Valuation Report)

In arriving at the market value of the Lands of RM8.40 per sq ft, Raine & Horne has adopted Comparable 1 and Comparable 2 as the best comparable as they are closest to the Lands and largest in size.

The Sale Consideration of RM620.1 million (RM8.50 per sq ft) represents a premium of RM7.1 million or 1.16% over the market value of the Lands of RM613.0 million (RM8.40 per sq ft) accorded by Raine & Horne. The said premium was mutually agreed between our Company and Setia Recreation after taking into consideration the strategic location of the Lands and the property market conditions in Pulau Pinang.

Please refer to Section 2.2 and Appendix I of this Circular for further information on the Lands and the Valuation Certificate respectively.

2.2 Description of the Lands

The Lands are situated on the northern part of the mainland of Pulau Pinang and within the locality of Tasek Gelugor. The Lands are accessible from the North-South Expressway via the Bertam Toll Plaza and located about 18 and 38 kilometres from the Butterworth town centre and the Penang Bridge respectively.

The location of the Lands is shown below:



(Source: Valuation Report)

Further details on the Lands are set out below:

Registered owner	:	CIMB Trustee
Title particulars	:	GM 59 Lot 1557, GM 966 Lot 1826, GRN 39095 Lot 1829, GRN 46378 Lot 2457 and GRN 35373 Lot 2466, all within Mukim 06, District of Seberang Perai Utara, Pulau Pinang
Property address	:	Part of Home Division, Malakoff Estate, Tasek Gelugor, Seberang Perai Utara, Pulau Pinang
Existing use	:	Oil palm plantation
Description	:	Cultivated with oil palm and includes buildings, road facilities and other amenities
Category of land use	:	Nil
Town planning	:	The Lands are zoned for agricultural use and "Kawasan Pembangunan Sedia Ada" use in accordance with the Penang Structure Plan 2020.

Restriction in interest	:	Nil
Encumbrances	:	Nil
Endorsement	:	Lease of part of GRN 46378 Lot 2457 to 'Persatuan Ibu Bapa dan Guru-guru' for a period of 30 years expiring on 30 April 2023
Tenure	:	Freehold
Express conditions	:	<u>GM 59 Lot 1557</u> Geran Mukim First Grade

The Land comprised in this title:

- (a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the National Land Code or on the creation of a collector's right of way; and
- (b) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs,

and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).

GM 966 Lot 1826

The Land comprised in this title:

- (a) shall not be affected by any provision of the National Land Code or any other written law prohibiting mining or the removal of specified materials beyond the boundaries of the land; and
- (b) shall not be affected by any provision of the National Land Code limiting the compensation payable on the creation of a collector's right of way to compensation for damage in respect of trees, crops or buildings.

GRN 39095 Lot 1829 and GRN 46378 Lot 2457

(First Grade)

The Land comprised in this title:

- (a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the National Land Code or on the creation of a land administrator's right of way; and
- (b) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years shall revert to the State only if the proprietor for the time being dies without heirs,

and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).

GRN 35373 Lot 2466

1. The land comprised in this title shall not be affected by any provision of the National Land Code or any other written law prohibiting mining or the removal of specified materials beyond the boundaries of the land.
2. The provision of the law relating to the creation of a private right of way shall apply to this land.

Total land area	:	Title no.	Area			
			Ha			
		GM 59 Lot 1557	3.84			
		GM 966 Lot 1826	1.12			
		GRN 39095 Lot 1829	11.94			
		GRN 46378 Lot 2457	644.54			
		GRN 35373 Lot 2466	16.34			
		Total	677.78			
Age profile of the oil palm	:	Age profile	Ha	%		
		Immature (0 to 3 years)	94.30	15.02		
		Young mature (4 to 9 years)	300.30	47.84		
		Prime mature (10 to 20 years)	233.10	37.14		
		Total planted area	627.70	100.00		
Estate land area	:	Estate land area	Ha	%		
		Planted area	627.70	92.61		
		Planting reserve	36.80	5.43		
		Unplantable area	1.73	0.25		
		Building, sites and roads	7.57	1.12		
		Others (buffer zones, nursery, rentice, etc.)	3.98	0.59		
		Total estate land area	677.78	100.00		
Average production of fresh fruit bunches ("FFB")	:		2013	2014	2015	2016
		Metric tonne/Ha/annum	19.64	16.75	22.34	15.25
Gross plantation profit	:		2013	2014	2015	2016
		RM'000/annum	1,932	1,282	1,444	1,960
Audited net book value as at 31 December 2016	:	RM60.1 million				
Market value as at 1 December 2016 *	:	RM613.0 million				

Note:

* Based on the Valuation Report.

2.3 Salient terms of the SPA

2.3.1 Conditions Precedent

The SPA is conditional upon the following:

- (i) CIMB Trustee obtaining the approval of ELB for the transfer of the Lands to Setia Recreation. The application to ELB was submitted by CIMB Trustee's solicitors on 13 January 2017, decision of which is pending as at the LPD;
- (ii) Setia Recreation obtaining the approval of EPU for the purchase of the Lands from CIMB Trustee. The application to EPU was submitted by Setia Recreation's solicitors on 19 January 2017, decision of which is pending as at the LPD; and
- (iii) the approval of our shareholders for the Proposed Sale.

The Conditions Precedent will be fulfilled within the Approval Period.

2.3.2 Terms of payment

The Sale Consideration will be settled in the following manner:

- (i) payment of the Deposit, breakdown as follows:
 - (a) RM12.4 million, being 2% of the Sale Consideration before the execution of the SPA, which was made on 9 November 2016;
 - (b) RM31.0 million, being 5% of the Sale Consideration upon execution of the SPA, which was received on 19 December 2016; and
 - (c) RM18.6 million, being 3% of the Sale Consideration upon execution of the SPA for payment of the real property gains tax, which was received on 19 December 2016. This deposit is currently held by Setia Recreation's solicitors as stakeholders and will be released to the Inland Revenue Board of Malaysia within 60 days from the Unconditional Date,
- (ii) payment of the Balance Purchase Price within 3 months from the Unconditional Date.

2.3.3 Execution of MOT

Upon execution of the SPA, CIMB Trustee will execute an MOT for each of the Lands in favour of Setia Recreation and deposit the same with Setia Recreation's solicitors.

Within 5 business days from the Unconditional Date, the MOT will be adjudicated for stamp duties by Setia Recreation's solicitors at the cost and expense of Setia Recreation. The stamp duties will also be borne by Setia Recreation.

2.3.4 Delivery of land titles

Upon execution of the SPA, CIMB Trustee will deliver the Title Deeds to its solicitors. Within 5 business days from the payment of the Balance Purchase Price, CIMB Trustee's solicitors will deliver the Title Deeds to Setia Recreation's solicitors.

2.3.5 Non-fulfilment of the Conditions Precedent

If one or more of the Conditions Precedent is not fulfilled within the Approval Period, the SPA will be terminated. CIMB Trustee will return the Deposit to Setia Recreation, free of interest, within 10 business days from the date of the notice issued jointly by CIMB Trustee and Setia Recreation. Thereafter, both parties will not have any claim against the other except for any pre-existing breach under the SPA and CIMB Trustee can sell or deal with the Lands in accordance with the Trust Deed on behalf of our Company.

2.3.6 Non-perfection of the MOT

If the MOT of the Lands cannot be registered by the relevant land authority for any reason which is not due to the negligence of either party and which cannot be rectified within 30 days from the knowledge of such reason, Setia Recreation may terminate the SPA by a written notice to CIMB Trustee, and:

- (i) CIMB Trustee will return all monies paid relating to the Sale Consideration free of interest to Setia Recreation (“**Refund**”) within 14 days from the date of Setia Recreation’s termination notice to CIMB Trustee; and
- (ii) in simultaneous exchange of the Refund, Setia Recreation will withdraw all private caveats lodged over the Lands, return the MOT, the original Title Deeds (if delivered) and all other related documents with CIMB Trustee’s interest on the Lands intact and the Lands are in the same state and condition as at the date of its delivery and free from occupiers and any structures which Setia Recreation may have erected or constructed.

Thereafter, the SPA will be cancelled and both parties will not have any claim against the other except for any pre-existing breach under the SPA. CIMB Trustee can sell or deal with the Lands in accordance with the Trust Deed on behalf of our Company.

2.3.7 Default by Setia Recreation

If Setia Recreation fails to pay the Balance Purchase Price or any part of it and CIMB Trustee has complied with all its obligations pursuant to the SPA, CIMB Trustee may terminate the SPA and forfeit the Deposit as agreed liquidated damages. Upon termination of the SPA, subject to the withdrawal of the private caveats lodged by Setia Recreation on the Lands (if any) and re-delivery of the possession of the Lands in the same state and condition as at the date of its delivery, CIMB Trustee will return the Refund, after deducting the Deposit, to Setia Recreation.

Thereafter, the SPA will be cancelled and both parties will not have any claim against the other except for any pre-existing breach under the SPA. CIMB Trustee can sell or deal with the Lands in accordance with the Trust Deed on behalf of our Company.

Each party will pay its own solicitors’ fees and the respective costs agreed to be borne and discharged by the party as set out in the SPA without any contribution by the other.

2.3.8 Default by CIMB Trustee

If CIMB Trustee fails to complete the sale of the Lands or breach any of the terms and conditions under the SPA and Setia Recreation has complied with all its obligations pursuant to the SPA, Setia Recreation may either seek specific performance and all other remedies available under the law or terminate the SPA. Upon termination of the SPA, CIMB Trustee will return the Refund and pay a further sum equivalent to the Deposit as agreed liquidated damages to Setia Recreation.

Thereafter, the SPA will be cancelled and will have no further effect and both parties will not have any claim against the other except for any pre-existing breach, without prejudice to other rights and remedies available to Setia Recreation, in law or equity or under the SPA.

2.3.9 Representations and warranties

The representations and warranties made by CIMB Trustee under the SPA are, among others, as follows:

- (i) CIMB Trustee is the registered owner of the Lands and our Company is the beneficial owner of the Lands. Except the lease on part of GRN 46378 Lot 2457, the Lands are free from encumbrances, charges, caveats, liens and restrictions-in-interest;
- (ii) CIMB Trustee is not in default under any agreement or instrument to which it is a party or by which it may be bound and there is no pending or imminent litigation, arbitration or administrative proceedings which might materially affect or impair CIMB Trustee's ability to perform its obligations under the SPA;
- (iii) there are no demands, suits, proceedings, claims or liabilities by any third party against CIMB Trustee which would affect the obligations of CIMB Trustee under the provisions of the SPA;
- (iv) the Lands or any part of it have not been acquired by the Government or any other authorities and CIMB Trustee and/or our Company have not received any notice that the Lands or any part of it are subject to acquisition or intended acquisition by the Government or any authorities;
- (v) there are no outstanding notices in respect of the Lands served upon CIMB Trustee and/or our Company;
- (vi) no winding-up proceedings have been commenced against CIMB Trustee and/or our Company as at the date of the SPA and CIMB Trustee and/or our Company have not commenced any action or passed any resolution for its voluntary winding-up;
- (vii) all outgoing (including fines and penalties, if any) assessed or imposed upon the Lands which are due and payable as at the date of the SPA have been fully settled by CIMB Trustee and any outgoing (including fines and penalties, if any) that may be assessed or imposed upon the Lands at any time between the date of SPA and delivery of vacant possession of the Lands will be fully settled by CIMB Trustee; and
- (viii) CIMB Trustee has observed and complied with all conditions of title, covenants, restrictions and category of use, whether express or implied, in respect of the Lands and will indemnify Setia Recreation against any liabilities in respect of taxes, fees, charges or other amounts payable in respect of the Lands before the delivery of vacant possession of the Lands as provided under the SPA.

The representations and warranties made by Setia Recreation under the SPA are, among others, as follows:

- (a) Setia Recreation is not in default under any agreement or instrument to which it is a party or by which it may be bound and there is no pending or imminent litigation, arbitration or administrative proceedings which might materially affect or impair Setia Recreation's ability to perform its obligations under the SPA;

- (b) there are no demands, suits, proceedings, claims or liabilities by any third party against Setia Recreation which would affect the rights of Setia Recreation to purchase the Lands; and
- (c) no winding-up proceedings have been commenced against Setia Recreation as at the date of the SPA and Setia Recreation has not commenced any action or passed any resolution for its voluntary winding-up.

2.3.10 Limitation of liability

CIMB Trustee entered into the SPA in its capacity as trustee for our Company and not in its personal capacity. Any liability arising under the SPA (“**Liability**”) is therefore limited to the extent which CIMB Trustee can satisfy the Liability out of the assets held in trust for our Company and to the extent which CIMB Trustee can claim against our Company. As such, any other liability or indemnity shall be assumed by our Company.

2.4 Liabilities to be assumed by Setia Recreation

Setia Recreation intends to fund the Proposed Sale via a combination of cash and/or bank borrowings, the breakdown of which has not been determined at this juncture.

Save for the abovementioned bank borrowings, we are not aware of any liabilities, including contingent liabilities and guarantees, to be assumed by Setia Recreation pursuant to the Proposed Sale.

2.5 Original cost of investment by our Company

The original cost and date of investment by our Company in the Lands are as follows:

<u>Date of acquisition</u>	<u>Land area</u> Ha	<u>Cost of investment</u> RM'million
17 January 2014	677.78	60.4

2.6 Use of proceeds

The Sale Consideration is expected to be used by our Group in the following manner:

<u>Details of utilisation</u>	<u>RM'million</u>	<u>Timeframe for full utilisation from the completion of the Proposed Sale</u>
Acquisition of oil palm plantation lands / oil palm plantation companies ⁽¹⁾	300.0	Within 24 months
Repayment of bank borrowings ⁽²⁾	287.0	Within 6 months
Real property gains tax ⁽³⁾	27.8	Within 12 months
Estimated expenses for the Proposed Sale ^{(3) (4)}	5.3	Within 6 months
	<u>620.1</u>	

Notes:

(1) As at the LPD, we have not identified any oil palm plantation lands / oil palm plantation companies for acquisition.

Pending the use of proceeds, in the interim period, the proceeds will be placed in profit-bearing investment accounts, invested in money market instruments or used for repayment of our Company's revolving credit or overdraft facilities.

- (2) As at the LPD, our Group's total borrowings is about RM781.5 million. Further details on the amount to be repaid are set out below:

<u>Facility</u>	<u>Facility amount</u> <u>RM'million</u>	<u>Outstanding amount</u> <u>RM'million</u>	<u>* Interest rate</u> <u>per annum</u> <u>%</u>	<u>Amount to be repaid</u> <u>RM'million</u>
Revolving credit 1	} 300.0	216.7	4.85	216.7
Revolving credit 2		33.3	4.10	20.3
Revolving credit 3	50.0	50.0	4.79	50.0
Total	350.0	300.0		287.0

Note:

* Based on interest rates for the latest available period under the financing facilities as provided by the banks.

For illustrative purposes, the net interest savings based on the abovementioned interest rates arising from the repayment of bank borrowings is about RM13.7 million per annum.

We have chosen these financing facilities for repayment due to their higher interest rates compared to other financing facilities provided to our Group.

- (3) Any surplus or shortfall of funds for the payment of real property gains tax and/or expenses for the Proposed Sale will be adjusted accordingly to or from the amount allocated for the acquisition of oil palm plantation lands / oil palm plantation companies, as the case may be.
- (4) The estimated expenses for the Proposed Sale of RM5.3 million is computed as follows:

	<u>RM'million</u>
Professional fees	4.9
Regulatory fees	0.1
Other miscellaneous expenses	0.3
Total	5.3

2.7 Information on Setia Recreation

Setia Recreation was incorporated in Malaysia under the Act as a private limited company on 16 February 2000 under the name of Seri Nadaman Sdn Bhd. On 22 April 2000, the company assumed its present name.

As at the LPD:

- (i) Setia Recreation is dormant. Its intended principal activity is property development;
- (ii) the issued share capital of Setia Recreation is RM2.00 comprising 2 ordinary shares;
- (iii) the sole shareholder of Setia Recreation is S P Setia Berhad; and
- (iv) the directors of Setia Recreation are Dato' Khor Chap Jen, Datuk Koe Peng Kang and Ng Han Seong.

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3. RATIONALE

Our investment strategy aims to maximise the returns to our Group. In evaluating the performance of our plantation assets, we consider factors such as the yield, cost of production, size and location of the plantation assets. These factors determine the returns from our assets based on their existing use. Some of our plantation assets may benefit from an appreciation in value over time given their location being in proximity to property development areas. In this regard, there will be an opportunity for our Group to realise returns that are greater than that received from plantation operations whereby the proceeds raised could then be used to acquire other plantation land at a lower cost.

The performance of the Lands over the past 3 years is summarised below:

	FYE 31 December		
	2014	2015	2016
Average production of FFB (metric tonne/Ha)	16.75	22.34	15.25
Gross plantation profit (RM'000)	1,282	1,444	1,960

The Lands are strategically located in the state of Pulau Pinang and have the potential for property development activities. The Proposed Sale provides an opportunity for us to sell the Lands to a single buyer, Setia Recreation (a subsidiary of S P Setia Berhad, a property development company listed on the Main Market of Bursa Securities), at a substantial premium over the net book value of the Lands. We will realise an estimated gain of about RM526.9 million or 33 sen per BPB Share upon completion of the Proposed Sale.

As at 31 December 2016, our Group's cash deposits stood at about RM424.6 million. Upon completion of the Proposed Sale, our Group's cash deposits will increase to about RM724.6 million including the RM300.0 million earmarked for the acquisition of oil palm plantation lands / oil palm plantation companies. This gives our Group the opportunity to use the funds to undertake strategic investments and expand our plantation land banks at lower costs when available, hence growing our Group's plantation revenue and profits in the future.

We will also use part of the proceeds arising from the Proposed Sale to manage our gearing and cash position. Part of the proceeds amounting to RM287.0 million which will be used to repay bank borrowings is expected to reduce our Group's gearing ratio from 0.41 times to 0.23 times. In the interim period, should the proceeds of RM300.0 million earmarked for the acquisition of oil palm plantation lands / oil palm plantation companies be used for the repayment of bank borrowings, our Group's gearing ratio will further reduce to 0.12 times.

4. RISK FACTORS

4.1 Non-completion of the Proposed Sale

The completion of the Proposed Sale is conditional upon the fulfilment of all Conditions Precedent within the Approval Period. If one or more of the Conditions Precedent is not fulfilled within the Approval Period, the SPA will be terminated in the manner set out in Section 2.3.5 of this Circular.

Notwithstanding the above, we will take all reasonable steps to ensure that the Conditions Precedent are fulfilled on a timely basis in order for the Proposed Sale to be completed within a reasonable timeframe.

4.2 Failure to acquire oil palm plantation lands / oil palm plantation companies

We may face difficulty in identifying and acquiring oil palm plantation lands / oil palm plantation companies in view of their scarcity and high market prices. In the event that we are successful in acquiring oil palm plantation lands / oil palm plantation companies, there is no assurance that the yield and profitability of the newly acquired plantation assets will be better than that of the Lands.

Notwithstanding the above, we will adopt a prudent investment strategy in identifying and acquiring suitable oil palm plantation lands / oil palm plantation companies that will contribute positively to the earnings of our Group.

4.3 Loss of future income from the Lands

Upon completion of the Proposed Sale, we will no longer realise the future income stream from the Lands. For the FYE 31 December 2016, the gross plantation profit of the Lands was about RM2.0 million per annum.

Notwithstanding the above, part of the proceeds arising from the Proposed Sale amounting to RM287.0 million will be used to repay our Group's bank borrowings and result in net interest savings of about RM13.7 million per annum. Please refer to Section 2.6 of this Circular for further information on the repayment of bank borrowings.

5. EFFECTS OF THE PROPOSED SALE

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Sale will not have any effect on our issued share capital and our substantial shareholders' shareholdings, as the Sale Consideration will be satisfied wholly in cash.

5.2 Earnings

Upon completion of the Proposed Sale, our Group is expected to realise an estimated gain of RM526.9 million (net of taxation and estimated expenses), which translates into a gain of about 33 sen per BPB Share.

For illustration purposes, the pro forma effects of the Proposed Sale on the earnings of our Group assuming that the Proposed Sale has been completed on 1 January 2016, being the beginning of the FYE 31 December 2016, are set out below:

	Audited for the FYE 31 December 2016	After the Proposed Sale
	RM'000	RM'000
Profit after tax attributable to owners of our Company	227,791	⁽¹⁾ 767,391
Number of ordinary shares in issue ('000)	1,600,000	1,600,000
Earnings per BPB Share (sen)	14.2	48.0

Note:

(1) After taking into consideration the following:

(i) the net gain of about RM526.8 million arising from the Proposed Sale, computed as follows:

	RM'million
Sale Consideration	<u>620.1</u>
Less: (i) Costs relating to the Lands as at 31 December 2015:	
• land cost	(48.6)
• biological assets cost	(10.1)
• buildings cost	(1.5)
Total	(60.2)
(ii) Real property gains tax	(27.8)
(iii) Estimated expenses. Please refer to Section 2.6 of this Circular for further information on the estimated expenses.	(5.3)
Net gain on disposal	<u><u>526.8</u></u>

- (ii) the net interest savings of about RM13.7 million assuming that RM287.0 million of the Sale Consideration is used for repayment of bank borrowings. Please refer to Section 2.6 of this Circular for further information on the repayment of bank borrowings; and
- (iii) the net plantation profit forgone from the Lands of about RM0.9 million per annum.

5.3 NA and gearing

For illustrative purposes, the pro forma effects of the Proposed Sale on the NA and gearing of our Group based on the latest audited consolidated financial statements of our Company as at 31 December 2016 and on the assumption that the Proposed Sale has been effected on the said date are set out below:

	Audited as at 31 December 2016	After the Proposed Sale
	RM'000	RM'000
Share capital	800,000	800,000
Non-distributable reserves	622,495	622,495
Retained profits	763,206	(1) 1,290,106
Shareholders' equity / NA	2,185,701	2,712,601
Number of ordinary shares in issue ('000)	1,600,000	1,600,000
NA per BPB Share (RM)	1.37	1.70
Total borrowings	901,152	(2) 614,152
Gearing ratio (times) (3)	0.41	0.23

Notes:

- (1) After taking into consideration the estimated gain of RM526.9 million arising from the Proposed Sale computed as follows:

	RM'million
Sale Consideration	620.1
Less: (i) Costs relating to the Lands as at 31 December 2016:	
• land cost	(48.6)
• biological assets cost	(10.1)
• buildings cost	(1.4)
Total	(60.1)
(ii) Real property gains tax	(27.8)
(iii) Estimated expenses. Please refer to Section 2.6 of this Circular for further information on the estimated expenses.	(5.3)
Net gain on disposal	526.9

- (2) Assuming that RM287.0 million of the Sale Consideration is used for repayment of bank borrowings.
- (3) Gearing is calculated as total borrowings divided by shareholders' equity. In the interim period, should the proceeds of RM300.0 million earmarked for the acquisition of oil palm plantation lands / oil palm plantation companies be used for the repayment of bank borrowings, our Group's gearing ratio will further reduce to 0.12 times.

6. APPROVALS REQUIRED

The Proposed Sale is subject to the following approval:

- (i) ELB;
- (ii) EPU; and
- (iii) our shareholders at the forthcoming EGM.

7. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposed Sale, there are no other proposals announced by our Company which are yet to be completed as at the LPD.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of our major shareholders, directors and/or persons connected with them have any direct or indirect interest in the Proposed Sale.

9. DIRECTORS' RECOMMENDATION

Our Board, having considered all aspects of the Proposed Sale including but not limited to the Sale Consideration, the rationale, the terms of the SPA, the valuation on the Lands and the financial effects of the Proposed Sale, is of the opinion that the Proposed Sale is in the best interest of our Group.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Sale to be tabled at our forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED SALE

The Proposed Sale is expected to be completed by the 3rd quarter of 2017. The tentative timeline for the completion of the Proposed Sale is as follows:

Event	Date
Our EGM	5 April 2017
Completion of the Proposed Sale	End September 2017

11. EGM

Our EGM will be held at Mutiara Ballroom, Ground Floor, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 5 April 2017 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of our 104th Annual General Meeting which will be held at 9:00 a.m. on the same day and at the same venue, or at any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Sale.

If you are not able to attend and vote in person at our EGM, you are requested to complete and sign the enclosed Proxy Form, in accordance with the instructions therein. Please return the Proxy Form to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, on or before Monday, 3 April 2017 at 11:00 a.m. You are still allowed to attend and vote in person at our forthcoming EGM even if you have submitted the Proxy Form.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of
BOUSTEAD PLANTATIONS BERHAD

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)
Non-Independent Non-Executive Chairman

VALUATION CERTIFICATE ON THE LANDS

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Our Reference : VSJ16.649.11

21 December 2016

Boustead Plantations Berhad

28th Floor, Menara Boustead

69 Jalan Raja Chulan

50200 Kuala Lumpur

Dear Sirs,

Valuation Of :-

Property : GM 59, Lot 1557, GM 966, Lot 1826, Geran 39095, Lot 1829, Geran 46378, Lot 2457 And Geran 35373, Lot 2466, Mukim 06, District Of Seberang Perai Utara, Pulau Pinang (collectively referred to as the "Subject Property")

Property Address : Part Of Home Division, Malakoff Estate, Tasek Gelugor, Seberang Perai Utara, Pulau Pinang

Property Type : Five (5) Adjoining Parcels Of Freehold Agricultural Land

This letter has been prepared for inclusion in the circular to the shareholders of Boustead Plantations Berhad pursuant to the proposed sale of the Subject Property to Setia Recreation Sdn Bhd, a wholly-owned subsidiary of SP Setia Berhad ("Proposed Sale").

In accordance with your instructions to value the Subject Property, we are pleased to confirm that we have valued the Subject Property on 1 December 2016 and prepared the Valuation Report bearing Reference No. VSJ16.649.11 dated 21 December 2016.

This Valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation is the **Market Value** which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

Brief details as extracted from our Valuation Report are as follows:-

1.0 IDENTIFICATION OF PROPERTY

1.1 Property Address

Part of Home Division, Malakoff Estate, Tasek Gelugor, Seberang Perai Utara, Pulau Pinang.

1.2 Type of Property

Five (5) Adjoining Parcels Of Freehold Agricultural Land.

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VALUATION CERTIFICATE ON THE LANDS (CONT'D)

**1.3 Title Particulars**

The brief title particulars of the Subject Property are as follow:-

Title Nos.	Lot Nos.	Title Area		Annual Rent	Tenure	Category of Land Use	Registered Owner
		Sq.M.	Ha				
Geran Mukim 59	Lot 1557		3.837	RM193.00	Freehold	Nil	CIMB Trustee Berhad
Geran Mukim 966	Lot 1826	11,205.7443		RM60.00	Freehold	Nil	CIMB Trustee Berhad
Geran 39095	Lot 1829	119,382.252		RM443.00	Freehold	Nil	CIMB Trustee Berhad
Geran 46378	Lot 2457		647.7	RM42,236.00	Freehold	Nil	CIMB Trustee Berhad
Geran 35373	Lot 2466		16.34	RM1,215.00	Freehold	Nil	CIMB Trustee Berhad

The afore-mentioned lots are situated within Mukim 06, District of Seberang Perai Utara, Pulau Pinang.

Express Condition:**In respect of Lot 1557:-**

Geran Mukim First Grade

The Land comprised in this title:

- shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Collector's right of way; and
- subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs; and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).

In respect of Lot 1826:-

The Land comprised in this title:

- Shall not be affected by any provision of the National Land Code or any other written law prohibiting mining or the removal of specified materials beyond the boundaries of the land.
- Shall not be affected by any provision of the National Land Code limiting the compensation payable on the creation of a Collector's right of way to compensation for damage in respect of trees, crops or buildings.

In respect of Lots 1829 & 2457 :-

(First Grade) The Land comprised in this title:

- shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and
- subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years shall revert to the State only if the proprietor for the time being dies without heirs; and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).

VALUATION CERTIFICATE ON THE LANDS (CONT'D)**In respect of Lot 2466:-**

1. The land comprised in this title shall not be affected by any provision of the National Land Code or any other written law prohibiting mining or the removal of specified materials beyond the boundaries of the land.
2. The provision of the law relating to the creation of a private right of way shall apply to this land.

Restriction-In-Interest:

Nil, in respect of all the titles.

Encumbrance:

Nil, in respect of all the titles.

Endorsements (in respect of Lot 2457):-

- i) No. Pers 0799SC1993013977, Jil. 7, Fol. 196, Pajakan Sebahagian Tanah kepada PERSATUAN IBUBAPA DAN GURU-GURU bagi tempoh masa selama 30 tahun mulai dari 1/05/1993 dan berakhir pada 30/04/2023, registered on 20 September 1993.
- ii) No. Pers 0799N2005000826, Pengambilan Sebahagian Tanah – Borang K, seluas lebih kurang 31,557.3728 Meter Persegi cukai tanah dipinda kepada RM42,236.00, registered on 8 September 2005.

2.0 PROPERTY DESCRIPTION**2.1 Location**

The Subject Property is situated on the northern part of the mainland of Pulau Pinang and within the District of Seberang Perai Utara. This locality is also known as Tasek Gelugor which is sited to the northern (left) side of Jalan Pokok Machang, travelling from the intersection of Jalan Pokok Sena and Jalan Pokok Machang towards Tasek Gelugor and Kubang Menerong.

It is also located off the western (right) side of the North-South Expressway, travelling from Butterworth towards Kepala Batas. The Penang Bridge and Butterworth town centre are located about 38 kilometres and 18 kilometres south-west of the Subject Property respectively. Kepala Batas is located about 7 kilometres due west of the Subject Property whilst Kulim is located about 38 kilometres to the south-east of the Subject Property.

The Subject Property is accessible from the Bertam Toll Plaza of the North-South Expressway via Jalan Tun Hamdan Sheikh Tahir, Jalan Kubang Menderung and Jalan Pokok Machang, all being well maintained metalled roads.

2.2 Site

Malakoff Estate has two (2) divisions, identified as follows:

- i) **Home Division.** The Home Division is separated by separated by Jalan Pokok Machang, a motorable metalled road. The Subject Property forms part of Home Division which is sited on the northern side of Jalan Pokok Machang.
- ii) **Mayfield Division.** This is located about 5 kilometres to the south-east of the Subject Property.

The Subject Property, comprising five (5) adjoining parcels of freehold agricultural land, forms part of Home Division, Malakoff Estate. They are identified as Lots 1557, 1826, 1829, 2457 and 2466, Mukim 06, District of Seberang Perai Utara, Pulau Pinang.

VALUATION CERTIFICATE ON THE LANDS (CONT'D)



The net title land area of the Subject Property is 677.78 hectares (1,674.829 acres) which comprises as follows:-

Lot No.	Title Land Area		Land Acquisition		Net Title Land Area	
	Hectares	Acres	Hectares	Acres	Hectares	Acres
1557	3.837	9.481	-	-	3.837	9.481
1826	1.121	2.770	-	-	1.121	2.770
1829	11.938	29.499	-	-	11.938	29.499
2457	647.7	1,600.499	3.156	7.798	644.544	1,592.701
2466	16.34	40.377	-	-	16.34	40.377
Total	680.936	1,682.627	3.156	7.798	677.78	1,674.829

Part of Lot 2457 was acquired by Perbadanan Bekalan Air Pulau Pinang (PBA) for water canal (taliair) which ran along part of the western and northern boundaries of the said lot. We have adopted the net title land area in our valuation.

The Subject Property is regular in shape, generally flat in terrain and lies at about the same level as the frontage metalled road and the surrounding area. The site boundaries are partly demarcated by barbed wire fencing and metal hoarding and partly not defined by any form of fencing.

The Subject Property is presently cultivated with oil palm and about 92.61% of the site is planted. 85% of the cultivation comprises matured oil palm whilst the remaining 15% is immatured oil palm. It is generally well maintained with the matured oil palm still being harvested. The plantation is served with a network of motorable laterite roads and drainage system which are well maintained.

Erected on the site are buildings used in relation to the existing operations of the oil palm plantation which include assistant manager's bungalow, staff and labour quarters, shop, surau, creche, kindergarten and Hindu temple.

2.3 Occupancy Status

The Subject Property is presently operated by Boustead Plantations Berhad.

There is an agreement on the lease of part of Lot 2457 which is occupied by a Tamil school known as SJK (T) Ladang Malakoff. Based on the agreement dated 5 July 1993 made between Malakoff Berhad (Lessors) and Persatuan Ibubapa Dan Guru-Guru of Sekolah Jenis Kebangsaan Tamil, Ladang Malakoff, 13300 Tasek Gelugor, Seberang Perai Utara, Pulau Pinang (Lessees), we note that approximately one (1) acre land forming part of Lot 2457, Mukim of 06, District of Seberang Perai Utara, Pulau Pinang is leased for 30 years commencing from 1 May 1993 and expiring on 30 April 2023 at a yearly rent or RM1.00 (One Ringgit). Upon expiry of the lease, the Lessees have an option to renew the lease for a further term of 30 years at the same rent and terms of the existing lease agreement.

Our valuation of the Subject Property is with vacant possession save for the existing lease on part of Lot 2457. This leased land is not expected to have a material effect on the Market Value as it only forms 0.06% of the total land size of the Subject Property. Moreover, upon development of the Subject Property, the developer can build around this leased land or even classify it as part of the public amenities for the development.

VALUATION CERTIFICATE ON THE LANDS (CONT'D)

**2.4 Planning Details**

Our enquiries with Jabatan Perancang, Majlis Perbandaran Seberang Perai revealed that the Subject Property is zoned for agricultural use in accordance with Draft Rancangan Tempatan Daerah Seberang Perai Utara 2020.

Our further enquiries with Jabatan Perancang Bandar Desa, Negeri Pulau Pinang revealed that the Subject Property is also zoned for agricultural use & 'Kawasan Pembangunan Sedia Ada' use in accordance with Rancangan Struktur Negeri 2020. Under the said zoning plan, the major part of the Subject Property is zoned for agricultural use whilst the southern portion fronting Jalan Pokok Machang is zoned for 'Kawasan Pembangunan Sedia Ada' use. We were further informed that re-zoning of the Subject Property to residential use may be considered subject to the approval from the State Government.

3.0 MARKET VALUE**3.1 Date of Valuation**

1 December 2016

3.2 Method of Valuation

In arriving at the Market Value of the Subject Property, we have adopted the Comparison Approach of valuation.

The Subject Property has development potential over and above its existing use value as oil palm plantation. Although the Subject Property is presently zoned for agricultural use under the Draft Rancangan Tempatan Daerah Seberang Perai Utara 2020, it has development potential by virtue of its location. Under the concept of 'highest and best use' and being inherent in the concept of Market Value, the Subject Property will have to be valued as development land in relation to the Proposed Sale. Accordingly, the Income Approach (Discounted Cash Flow Method) to derive the Market Value based on its existing use as an oil palm plantation is not applicable in this case. We have not used the Income Approach (Residual Method) as another method of valuation as there is no approved layout plan for development for the Subject Property as yet.

VALUATION CERTIFICATE ON THE LANDS (CONT'D)



3.3 Comparison Approach

The Comparison Approach seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Where dissimilarities exist, adjustments are made.

The analysis of the sale evidences is as follows:-

Item	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Location	Fronting onto Jalan Kubang Menerong, travelling from Tasek Gelugor towards Kubang Menerong, Seberang Perai Utara	Partly fronting onto Jalan Kubang Menerong and partly located off the eastern side of Jalan Kubang Menerong, travelling from Tasek Gelugor towards Kubang Menerong, Seberang Perai Utara	Located within Bandar Bertam Perdana, Bertam, Seberang Perai Utara	Located off Jalan Kampung Telok, Sungai Dua & North- South Expressway, Seberang Perai Utara	Situated within a locality off Jalan Simpang Ampat/Tasek, Seberang Perai Selatan	Situated within a locality known as Padang Bongor, Gurun, Kedah
Lot Nos.	Lots 568, 3262, 3263 & 5688, all within Mukim 12, District of Seberang Perai Utara, Pulau Pinang	Lots 3020, 3261, 3264 & 4429, all within Mukim 12, District of Seberang Perai Utara, Pulau Pinang	Lots 8755 to 8764, all within Mukim 06, District of Seberang Perai Utara, Pulau Pinang	Lot 547, Mukim 16, District of Seberang Perai Utara, Pulau Pinang	Lots 1058, 1060, 1373, 1375 & 3423, Mukim 15, District of Seberang Perai Selatan, Pulau Pinang	Lot 47, Bandar Gurun, District of Kuala Muda, Kedah
Property Type	Four (4) adjoining parcels of agricultural land	Four (4) adjoining parcels of agricultural land	Ten (10) adjoining parcels of agricultural land	A parcel of freehold agricultural land	Five (5) parcels of freehold agricultural land	A parcel of freehold agricultural land
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Date of Transaction	31 March 2014	31 March 2014	22 February 2013	9 May 2014	11 July 14	24 March 2016
Source*	JPPH	JPPH	JPPH	JPPH	JPPH	JPPH
Total Title Land Area (acres)	167.59	203.66	45.66	23.33	128.48	86.58
Zoning	'Kawasan Pembangunan Baru'	Agricultural & 'Kawasan Pembangunan Baru'	'Kawasan Pembangunan Baru'	Partly 'Kawasan Pembangunan Baru and Partly Forest	Agricultural	Industrial
Consideration	RM36,500,750	RM43,588,055	RM27,465,002	RM 15,438,015	RM 91,973,112	RM 41,030,928
Analysed Land Value (psf)	RM5.00	RM4.91	RM13.81	RM15.19	RM 16.43	RM10.88
Adjustment Factors	Factors considered include market condition, location & accessibility, size, shape and planning					
Adjusted Land Value (psf)	RM8.25	RM8.59	RM12.43	RM11.39	RM13.97	RM8.70

*JPPH: Valuation and Property Services Department, Ministry of Finance

VALUATION CERTIFICATE ON THE LANDS (CONT'D)**3.4 Reconciliation of Market Value**

We note the adjusted land values of the comparable sales ranged between RM8.25 to RM13.97 per square foot. Comparables 1 and 2 are the best comparables as they are located nearby to the Subject Property. The land sizes of Comparables 1 and 2 are the largest amongst the six Comparables.

Based on the adjusted land value of Comparable 1 at RM8.25 per square foot and Comparable 2 at RM8.59 per square foot, we have reconciled and adopted the Market Value of the Subject Property at RM8.40 per square foot.

3.5 Market Value

Our opinion of the Market Value of the freehold interests in Lots 1557, 1826, 1829, 2457 and 2466, Mukim 06, District of Seberang Perai Utara, Pulau Pinang, five (5) adjoining parcels of freehold agricultural land identified as Part of Home Division, Malakoff Estate, Tasek Gelugor, Seberang Perai Utara, Pulau Pinang, having a net title land area of 677.78 hectares (1,674.829 acres), on the basis the titles are free from all encumbrances and with vacant possession save for the existing lease on part of Lot 2457, is **Ringgit Malaysia Six Hundred And Thirteen Million Only (RM613,000,000.00)**.

The Market Value opinion is analysed over the land area at RM8.40 per square foot.

For and on behalf of
**RAINE & HORNE INTERNATIONAL
 ZAKI + PARTNERS SDN BHD**

**HO SEK CHUEN, MRICS FRISM
 REGISTERED VALUER, V-373**



FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. Our Board has also confirmed that after having made all enquiries as are reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in this Circular false or misleading.

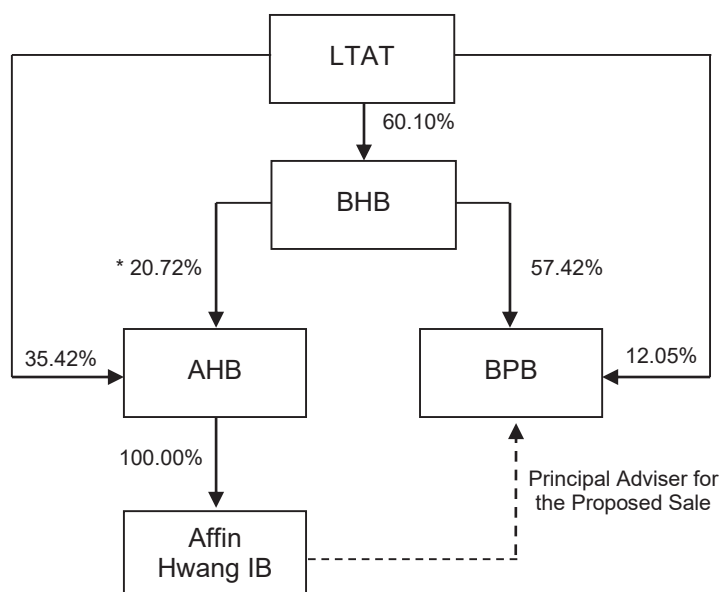
2. CONSENT AND CONFLICT OF INTEREST

2.1 Affin Hwang IB

Affin Hwang IB has given and has not subsequently withdrawn its consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Save as disclosed below, as at the LPD, Affin Hwang IB is not aware of any situation or potential situation that will give rise to a conflict or potential conflict of interests in Affin Hwang IB's capacity to act as the Principal Adviser for the Proposed Sale:

- (a) Affin Hwang IB is a wholly-owned subsidiary of Affin Holdings Berhad ("AHB") and the Principal Adviser to our Company for the Proposed Sale. As at the LPD, Lembaga Tabung Angkatan Tentera ("LTAT") and Boustead Holdings Berhad ("BHB") are substantial shareholders of both AHB and our Company, as illustrated below:



Note:

* Includes direct and indirect equity interests.

- (b) Tan Sri Dato' Seri Lodin Wok Kamaruddin ("TSLWK") who is a Non-Independent Non-Executive Vice Chairman of our Company, also holds the following positions as at the LPD:

Company	Position held
Affin Hwang IB	Non-Independent Non-Executive Director
BHB	Non-Independent Executive Deputy Chairman/ Group Managing Director
LTAT	Chief Executive

FURTHER INFORMATION (CONT'D)

In addition, TSLWK holds equity interests in the following companies as at the LPD:

Company	No. of shares	%
Our Company	27,836,800	1.74
BHB	52,257,805	2.58
AHB	1,051,328	0.05

- (c) Further, Affin Bank Berhad (“**ABB**”), a wholly-owned subsidiary of AHB, has provided loan and placement facilities to our Group in the past 12 months prior to the LPD.
- (d) Part of the proceeds raised from the Proposed Sale will be used for the repayment of a loan facility provided by ABB to our Group.

Affin Hwang IB has considered the factors involved and believes its objectivity and independence as the Principal Adviser for the Proposed Sale are maintained at all times notwithstanding the aforementioned roles and services performed as these are mitigated by the following:

- (i) Affin Hwang IB and its related and associated companies (“**Affin Hwang IB Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading assets and funds management and credit transaction services businesses. Affin Hwang IB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Circular.

In addition, in the ordinary course of business, any member of Affin Hwang IB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of Affin Hwang IB Group generally acting independently of each other, and accordingly, there may be situations where parts of Affin Hwang IB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group.

Nonetheless, Affin Hwang IB Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions;

- (ii) the said credit facilities have been extended by Affin Hwang IB Group in its ordinary course of business;
- (iii) ABB’s banking exposure with our Group represents about 6% of the audited NA of ABB of RM5,501.8 million as at 31 December 2015;
- (iv) ABB’s banking exposure with our Group represents about 33% of the total borrowings of our Group of RM901.2 million as at 31 December 2016;
- (v) the conduct of Affin Hwang IB Group in its banking business is strictly regulated by the Financial Services Act, 2013, the Capital Markets and Services Act, 2007 and Affin Hwang IB Group’s own internal controls and checks;

FURTHER INFORMATION (CONT'D)

- (vi) the directorship of TSLWK in Affin Hwang IB is non-executive in nature;
- (vii) as at the LPD, the shareholding of TSLWK in our Company, BHB and AHB respectively, are not substantial, i.e. less than 5% of the issued share capital of our Company, BHB and AHB;
- (viii) TSLWK, BHB and our Company are not involved in the management and/or operational affairs in relation to corporate assignments undertaken by the Corporate Finance department of Affin Hwang IB. The management and/or board of directors of Affin Hwang IB are not subjected to the directions of TSLWK, BHB and our Company in undertaking any of its corporate assignments;
- (ix) ABB and Affin Hwang IB Group are not involved in the management and/or operational affairs in relation to the corporate assignments undertaken by our Company. The management and/or board of directors of our Company are not subjected to the directions of ABB and Affin Hwang IB Group in undertaking any of its corporate assignments; and
- (x) save for the professional advisory fees to be received by Affin Hwang IB as the Principal Adviser for the Proposed Sale, there is no other direct interest to be derived from Affin Hwang IB's appointment as the Principal Adviser to our Company in respect of the Proposed Sale, and neither is Affin Hwang IB interested in nor affected by the outcome of the Proposed Sale.

Accordingly, our Board has been fully informed and is aware of the roles of Affin Hwang IB mentioned above and is agreeable to the role of Affin Hwang IB as the Principal Adviser for the Proposed Sale.

2.2 Raine & Horne

Raine & Horne has given and has not subsequently withdrawn its consent to the inclusion of its name, the Valuation Report, Valuation Certificate and all references thereto in the form and context in which they appear in this Circular.

Raine & Horne is not aware of any conflict of interest which exists or is likely to exist in its capacity as the valuer for the Lands.

3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which may have a material impact on the financial position of our Group:

	<u>RM'000</u>
Authorised but not contracted for:	
Capital expenditure	54,449
Share of joint operation's commitment	151
	<u>54,600</u>

FURTHER INFORMATION (CONT'D)

4. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, we are not aware of any material litigation, claims or arbitration involving the Lands, whether as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, involving the Lands or of any facts likely to give rise to any proceedings which may have a material impact on the financial position of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 28th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) the Memorandum and Articles of Association of our Company;
- (ii) the audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2016;
- (iii) the SPA (a copy of the Trust Deed is also appended in the SPA);
- (iv) the Valuation Report and Valuation Certificate; and
- (v) the letters of consent referred to in Section 2 of this Appendix II.

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Plantations

BOUSTEAD PLANTATIONS BERHAD

(Company No.: 1245-M)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Boustead Plantations Berhad (“**BPB**” or “**Company**”) will be held at Mutiara Ballroom, Ground Floor, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 5 April 2017 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the 104th Annual General Meeting of the Company which will be held at 9:00 a.m. on the same day and at the same venue, or any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION

PROPOSED SALE BY CIMB ISLAMIC TRUSTEE BERHAD (“CIMB TRUSTEE”), ACTING SOLELY IN THE CAPACITY AS A TRUSTEE FOR BPB, OF 5 ADJOINING PARCELS OF FREEHOLD LAND HELD UNDER GM 59 LOT 1557, GM 966 LOT 1826, GRN 39095 LOT 1829, GRN 46378 LOT 2457 AND GRN 35373 LOT 2466, ALL WITHIN MUKIM 06, DISTRICT OF SEBERANG PERAI UTARA, PULAU PINANG MEASURING 677.78 HECTARES (COLLECTIVELY REFERRED TO AS “LANDS”) TO SETIA RECREATION SDN BHD (“SETIA RECREATION”) FOR A TOTAL CASH CONSIDERATION OF RM620,122,555.80 (“PROPOSED SALE”)

“**THAT** approval be and is hereby given for CIMB Trustee, acting solely in the capacity as a trustee for BPB, to dispose the Lands to Setia Recreation for a total cash consideration of RM620,122,555.80, subject to the terms and conditions as stipulated in the sale and purchase agreement dated 22 December 2016 entered into between CIMB Trustee and Setia Recreation.

AND THAT the Board of Directors of the Company (“**Board**”) be and is hereby authorised to do or to procure to be done all such acts, deeds and things and to execute, sign and deliver, for and on behalf of the Company, all relevant documents and to enter into any arrangements, agreements and/or undertakings with any party or parties as the Board may deem fit, necessary, expedient and/or appropriate, with full power to assent to any terms, conditions modifications, variations and/or amendments as may be agreed to or required by any relevant regulatory authorities or as a consequence of any such requirements or as the Board may in its absolute discretion deem fit, necessary, expedient and/or appropriate in connection with the Proposed Sale and in the best interest of the Company.”

By Order of the Board

TASNEEM MOHD DAHALAN (LS 6966)

Secretary

Kuala Lumpur
16 March 2017

Notes:

- 1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person to be his proxy to attend and vote in his stead. A proxy may not be a member of the Company.*
- 2. In the case of a Corporation, the proxy should be executed under the hand of a duly authorised officer.*
- 3. Subject to Paragraph 4 below, a member shall not be entitled to appoint more than one (1) proxy to attend and vote at the meeting. If a member has appointed a proxy to attend the meeting and subsequently attends the meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the meeting.*
- 4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 5. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the office of the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall be treated as valid.*
- 6. Only members registered in the Record of Depositors as at 27 March 2017 shall be eligible to attend the meeting or appoint a proxy to attend and vote on the member’s behalf.*
- 7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution will be put to vote by poll.*



Plantations

BOUSTEAD PLANTATIONS BERHAD

(Company No.: 1245-M)
(Incorporated in Malaysia)

PROXY FORM

I/We NRIC (New)/Company No.:
(INSERT FULL NAME IN BLOCK CAPITAL)

of
(FULL ADDRESS)

being a member of **BOUSTEAD PLANTATIONS BERHAD**, hereby appoint*
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No.: of
(FULL ADDRESS)

.....
(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as my proxy to attend and vote for me on my behalf, at the Extraordinary General Meeting of the Company to be held at Mutiara Ballroom, Ground Floor, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 5 April 2017 at 11:00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the 104th Annual General Meeting of the Company which will be held at 9:00 a.m. on the same day and at the same venue, or any adjournment thereof, whichever is later, to vote as indicated below:

RESOLUTION	FOR	AGAINST
Ordinary Resolution - Proposed Sale		

Dated this _____ day of _____, 2017

Signature of Member

No. of ordinary shares held:
CDS Account No.:
Contact No.:

Notes:

- If you wish to appoint as a proxy some person other than the Chairman of the meeting, please insert in block letters the full name and address of the person of your choice and initial the insertion at the same time deleting the words "the Chairman of the meeting". A proxy need not be a member of the Company but must attend the meeting in person to vote. Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of the Resolution.*
- In the case of a Corporation, the proxy should be executed under the hand of a duly authorised officer.*
- Subject to Paragraph 4 below, a member shall not be entitled to appoint more than one (1) proxy to attend and vote at the meeting. If a member has appointed a proxy to attend the meeting and subsequently attends the meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the meeting.*
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall be treated as valid.*
- Only members registered in the Record of Depositors as at 27 March 2017 shall be eligible to attend the meeting or appoint a proxy to attend and vote on the member's behalf.*
- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution will be put to vote by poll.*



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AFFIX
STAMP

Share Registrar of Boustead Plantations Berhad
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

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