

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

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in Boustead Plantations Berhad, you should at once hand this Circular together with the accompanying Proxy Form to the purchaser, transferee or the agent through whom you affected the sale or transfer for onward transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has not perused the contents of this Circular prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Bursa Malaysia’s Main Market Listing Requirements.

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**Plantations**

**BOUSTEAD PLANTATIONS BERHAD**

[Company No. 194601000012 (1245-M)]  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF THE 2019 SHAREHOLDERS’ MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution pertaining to the above Proposal will be tabled as Special Business at the One Hundred and Seventh Annual General Meeting (107<sup>th</sup> AGM) of the Company. **The 107<sup>th</sup> AGM will be conducted entirely through live streaming from the broadcast venue at Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Wednesday, 24 June 2020.** The Notice of the 107<sup>th</sup> AGM of the Company together with the Proxy Form are set out in the Annual Report 2019 of the Company which are available to be downloaded from the Company’s website at [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my) or Bursa Malaysia’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

In line with the Government’s initiative to curb the spread of the Coronavirus Disease 2019 (COVID-19) and the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, the 107<sup>th</sup> AGM will be conducted on a virtual basis through live streaming whilst the online remote voting will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd’s (Tricor) TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Notes for the 107<sup>th</sup> AGM provided together with the Annual Report 2019 in order to register, participate and vote remotely via the RPV facilities.

In view that the 107<sup>th</sup> AGM will be conducted on a virtual basis, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. Please complete, sign and deposit the Proxy Form at the office of the Company’s Share Registrar, Tricor, located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Monday, 22 June 2020 at 9.00 a.m. You may also submit the proxy appointment electronically via Tricor’s TIIH Online website at <https://tiih.online> no later than the aforementioned date.

Last date and time for lodging the Proxy Form : 22 June 2020 at 9.00 a.m.  
Date and time of the 107<sup>th</sup> Annual General Meeting : 24 June 2020 at 9.00 a.m.

This Circular is dated 22 May 2020

## **DEFINITIONS**

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

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

“Act”	:	Companies Act 2016 including all amendments made from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“BHB”	:	Boustead Holdings Berhad [196001000193 (3871-H)]
“BHB Group”	:	BHB and its subsidiaries
“BPB” or “Company”	:	Boustead Plantations Berhad [194601000012 (1245-M)]
“BPB Group” or “the Group”	:	BPB and its subsidiaries
“BPM”	:	Boustead Petroleum Marketing Sdn Bhd [196401000488 (5783-T)], a 42% subsidiary of BHB which involves in marketing of petroleum products.
“BRSB”	:	Boustead Realty Sdn Bhd [199301015908 (270648-A)], a wholly owned subsidiary of Boustead Properties Berhad which involves in property investment.
“BTSSB”	:	Boustead Travel Services Sdn Bhd [197201000101 (11708-P)], a wholly owned subsidiary of BHB which involves in travel agencies and tour operations.
“Board”	:	Board of Directors of BPB
“Boustead Properties”	:	Boustead Properties Berhad [191101000004 (84-W)], a wholly owned subsidiary of BHB which involves in investment holding, property development, property investment, ownership and operating of hotels and production and supply of chilled water for air-conditioning
“Bursa Malaysia”	:	Bursa Malaysia Securities Berhad
“CMSA”	:	Capital Markets and Services Act, 2007, including all amendments made from time to time and any re-enactment thereof.
“DAMSB”	:	Drew Ameroid (M) Sdn Bhd, a 50% owned associate company of BHB which involves in merchandising of chemical products.
“Director”	:	Shall have the meaning given in Section 2(1) of CMSA and for the purpose of the Proposal includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a Director of BPB or any other company which is its subsidiary or holding company; or chief executive officer of BPB, its subsidiary or holding company.
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Malaysia including all amendments made from time to time and any re-enactment thereof.
“LCDA”	:	LCDA Holdings Sdn Bhd (formerly known as Pelita Holdings Sdn Bhd) [198901004722 (182028-W)], an investment holding company which holds 10% and 40% interest in Boustead Pelita Kanowit Sdn Bhd and Boustead Pelita Kanowit Oil Mill Sdn Bhd, respectively.

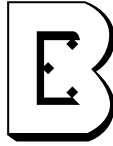
“LPD”	:	30 April 2020, being the latest practicable date which shall not be more than 30 days prior to the date of the Circular.
“LTAT”	:	Lembaga Tabung Angkatan Tentera, a statutory body established under the Tabung Angkatan Tentera Act 1973
“Major Shareholder”	:	<p>A person who has an interest or interests in one or more voting shares in BPB and the number or aggregate number of those shares, is:</p> <p>(a) 10% or more of the total number of voting shares in BPB; or</p> <p>(b) 5% or more of the total number of voting shares in BPB where such person is the largest shareholder in BPB.</p> <p>For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.</p> <p>It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder (as defined above) of BPB or any other company which is its subsidiary or holding company.</p>
“Person Connected”	:	Shall be as defined in Chapter 1 of the Listing Requirements
“Proposal” or “Proposed Renewal of Shareholders’ Mandate”	:	Proposed renewal of the 2019 Mandate
“Recurrent Related Party Transaction(s)”	:	A recurrent related party transaction of a revenue or trading nature which is necessary for the day to day operations and is entered into by the Company or its subsidiaries in the ordinary course of business which involves the interest, direct or indirect, of a Related Party(ies)
“Related Party(ies)”	:	A Director, Major Shareholder or a Person Connected with such Director or Major Shareholder.
“2019 Mandate”	:	The shareholders’ mandate obtained on 24 April 2019 for BPB Group to enter into Recurrent Related Party Transactions.
“2020 Mandate”	:	The shareholders’ mandate to be obtained at the Company’s forthcoming AGM for BPB Group to enter into Recurrent Related Party Transactions.

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**Plantations**  
**BOUSTEAD PLANTATIONS BERHAD**  
[Company No. 194601000012 (1245-M)]  
(Incorporated in Malaysia)

Registered Office:

28<sup>th</sup> Floor, Menara Boustead  
69 Jalan Raja Chulan  
50200 Kuala Lumpur

22 May 2020

**DIRECTORS:**

Datuk Syed Tamim Ansari Syed Mohamed (*Chairman*)  
Dato' Mohzani Abdul Wahab  
Maj. Gen Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.  
Tan Sri Dato' Wira Aziah Ali  
Dato' Ahmad Rizal Abdul Rahman  
Dato' Chan Kong Yew  
Dato' Sri Ghazali Mohd Ali

To: The Shareholders of **BOUSTEAD PLANTATIONS BERHAD**

Dear Sir/Madam

**BOUSTEAD PLANTATIONS BERHAD**

**PROPOSED RENEWAL OF THE 2019 SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**1. INTRODUCTION**

At the AGM held on 24 April 2019, the Company had obtained the 2019 Mandate to enter into Recurrent Related Party Transactions. The 2019 Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

Accordingly, the Company had on 25 February 2020 announced to Bursa Malaysia of its intention to seek shareholders' approval on the Proposal at the forthcoming AGM.

The purpose of this Circular is to provide you with information relating to the Proposal and to seek your approvals on the Ordinary Resolution pertaining to the Proposal to be tabled at the forthcoming AGM. Notice of the AGM together with the Proxy Form is enclosed in the Annual Report of the Company.

## **2. PROPOSAL**

### **2.1 Details**

#### Provisions under the Listing Requirements

Pursuant to Part E, Paragraph 10.09 of the Listing Requirements, listed issuers with share capital of RM60 million and above must immediately announce a Recurrent Related Party Transaction as follows:

- (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
- (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more

whichever is higher.

Paragraph 2.4 of Practice Note 12 states that where a listed issuer has obtained a shareholders' mandate in respect of any Recurrent Related Party Transaction, the above disclosure obligation will not apply to the Recurrent Related Party Transactions which are comprised in the mandate.

In this regard, the Company proposes to seek its shareholders' approval for the Proposal to enable BPB Group to enter into transactions with the Related Parties which are of a revenue or trading nature, necessary for the day-to-day operations of the Group and, are on arm's length basis, not more favourable to the Related Parties than those generally available to the public and, are not detrimental to the minority shareholders.

If approved at the forthcoming AGM, the Proposal will take effect from the passing of the ordinary resolution relating thereto and will continue to be in force until:-

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

whichever is earlier.

Thereafter, shareholders' approval will be sought for the renewal of the shareholders' mandate at each subsequent AGM, subject to a satisfactory review by the Company's Audit and Risk Committee.

### **2.2 Classes of Related Party**

BPB is one of the experienced and established upstream oil palm plantation companies in Malaysia. The principal activities of BPB are to carry on the businesses of an investment holding company and operating oil palm plantations. The Group's subsidiaries are principally involved in the ownership and management of oil palm plantations, cultivation of oil palms and production of palm products, advisory services and research activities on life sciences and commercialization of products developed from life sciences. The Group's associate is principally involved in agricultural and agronomic research and commercial production of oil palm planting materials.

The holding company of BPB is BHB, a conglomerate with diverse business operations. BHB, incorporated in Malaysia owns 57.42% of issued shares of BPB as at LPD.

BHB's holding corporation is LTAT. LTAT owns 12.10% of issued shares of BPB as at LPD.

The Proposal will apply to the following companies (the effective interest is at LPD):

<b>I. SUBSIDIARIES NOT WHOLLY OWNED BY BPB</b>			
<b>Company</b>		<b>Principal Activities</b>	<b>BPB's Effective Interest (%)</b>
1.	Boustead Pelita Kanowit Oil Mill Sdn Bhd ("BPKOM")	Operation of palm oil mill	60
2.	Boustead Pelita Kanowit Sdn Bhd ("BPK")	Cultivation of oil palms	60

### 2.3 Nature of Recurrent Related Party Transactions and Estimated Values

It is anticipated that the Group would, in the normal course of business, enter into transactions involving Related Parties. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

#### 2.3.1 Existing Recurrent Related Party Transactions

Existing Recurrent Related Party Transactions for which approval is now being sought for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM are as follows:-

Company	Transacting Party	Nature of Transactions	Related Parties	2019 Mandate			2020 Mandate
				(A) Estimated value of transactions covered in 2019 Mandate (RM'000)	(B) Actual value transacted pursuant to 2019 Mandate [as at LPD] (RM'000)	Deviation between values in (A) and (B) # (%)	Estimated value of transactions pursuant to 2020 Mandate (RM'000)
1	BPK	BPKOM	Sales of Fresh Fruit Bunches by BPK to BPKOM  <b>Director</b> ▪ MZ <sup>A1</sup> ▪ II <sup>A1</sup>  <b>Major Shareholder</b> ▪ LCDA <sup>A</sup>	90,000	37,264	-59	70,000

<sup>A1</sup> MZ - Monaliza Zaidel. She is a representative of LCDA on the board of directors of BPK and BPKOM.

<sup>A1</sup> II - Idris Ibrahim. He is a representative of LCDA on the board of directors of BPK and BPKOM.

<sup>A</sup> LCDA is a Major Shareholder of BPK and BPKOM with direct shareholding of 10% and 40% respectively. LCDA does not have any shareholdings in BPB.

# There was no deviation where the actual value of transactions has exceeded the estimated value by 10%.

### 2.3.1 Existing Recurrent Related Party Transactions (cont'd)

Company	Transacting Party	Nature of Transactions	Related Parties	2019 Mandate			2020 Mandate
				(A) Estimated value of transactions covered in 2019 Mandate (RM'000)	(B) Actual value transacted pursuant to 2019 Mandate [as at LPD] (RM'000)	Deviation between values in (A) and (B) # (%)	Estimated value of transactions pursuant to 2020 Mandate (RM'000)
2	BPB Group	BHB	Provision of general management services, internal audit and tax consultancy services by BHB  <b>Director</b> ▪ GMA <sup>(Note 1)</sup> ▪ ZS <sup>(Note 2)</sup>  <b>Major Shareholders</b> ▪ BHB <sup>B</sup> ▪ LTAT <sup>C</sup>	2,500	2,704	8	4,500
3	BPB Group	BPM	Purchase of non-regulated petroleum products from BPM  <b>Director</b> ▪ GMA <sup>(Note 1)</sup> ▪ ZS <sup>(Note 2)</sup>  <b>Major Shareholders</b> ▪ BHB <sup>B</sup> ▪ LTAT <sup>C</sup>	4,500	1,811	-60	4,500
4	BPB Group	BRSB	Rental of BRSB office <sup>D</sup> at Menara Boustead  <b>Director</b> ▪ GMA <sup>(Note 1)</sup> ▪ ZS <sup>(Note 2)</sup>  <b>Major Shareholders</b> ▪ BHB <sup>B</sup> ▪ LTAT <sup>C</sup>	2,000	1,528	-24	3,000
5	BPB Group	BTSSB	Purchase of travel agency services from BTSSB  <b>Director</b> ▪ GMA <sup>(Note 1)</sup> ▪ ZS <sup>(Note 2)</sup>  <b>Major Shareholders</b> ▪ BHB <sup>B</sup> ▪ LTAT <sup>C</sup>	2,500	803	-68	2,500

<sup>B</sup> BHB is a Major Shareholder of BPB with direct shareholding of 57.42%.

<sup>C</sup> LTAT is a Major Shareholder in BPB with direct shareholding of 12.10% and deemed interest of 57.42% by virtue of its shareholding in BHB pursuant to section 8 of the Act.

<sup>D</sup> The lease periods are for 3 years which involve payment on monthly basis.

# There was no deviation where the actual value of transactions has exceeded the estimated value by 10%.



### 2.3.1 Existing Recurrent Related Party Transactions (cont'd)

Company	Transacting Party	Nature of Transactions	Related Party	2019 Mandate			2020 Mandate
				(A) Estimated value of transactions covered in 2019 Mandate (RM'000)	(B) Actual value transacted pursuant to 2019 Mandate [as at LPD] (RM'000)	Deviation between values in (A) and (B) # (%)	Estimated value of transactions pursuant to 2020 Mandate (RM'000)
6	BPB Group	Messrs. Azzat & Izzat	Provision of legal services by Messrs. Azzat & Izzat	4,500	3,260	-28	-
7	BPB Group	DAMSB	Purchase of chemical products for raw and boiler water treatment from DAMSB	1,500	1,098	-27	1,500
TOTAL				107,500	48,468	-55	86,000

# There was no deviation where the actual value of transactions has exceeded the estimated value by 10%.

#### Notes:

1. GMA - Dato' Sri Ghazali Mohd Ali. He is a Non-Independent Non-Executive Director of BPB, representing BHB on the Board of BPB. As at LPD, he owns 1,727,600 BPB shares.
2. ZS - Datuk Zakaria Sharif. He is the former Non-Independent Non-Executive Director of BPB, representing LTAT on the Board of BPB and the Deputy Chief Executive of LTAT. He had resigned from the said posts on 11 December 2019. As at LPD, he owns 284,200 BPB shares.
3. AK - Datuk Azzat Kamaludin. He is the former director of BHB. He had resigned as a director of BHB on 31 July 2019. He is a partner of the legal firm, Messrs. Azzat & Izzat.

As AK had resigned as a director of BHB on 31 July 2019, which is more than 6 months prior to the LPD of this Circular, the transactions with Messrs. Azzat & Izzat is no longer considered as Recurrent Related Party Transactions. Hence, BPB is not seeking a renewal in the 2020 Mandate.

The abovementioned values of transactions are based on accounting records, and the estimated figures during the validity of the Proposal is based on management's estimate (on the assumption that the current level of operations will continue and all external conditions remain constant) and that the next AGM will be held in March/April 2021.

In view of the time-sensitive and frequent nature of such Recurrent Related Party Transactions, the Board is seeking the approval on the Proposal which would allow the Group, in their normal course of business, to enter into Recurrent Related Party Transactions with the classes of Related Party set out above, provided such transactions are made on arm's length basis, on normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and, are not detrimental to minority shareholders. Such Recurrent Related Party Transactions will be subject to the review procedures as set out in Section 2.5 of this Circular.

## **2.4 Amount Due and Owing Under Recurrent Related Party Transactions**

There is no outstanding amount due and owing by the Related Parties to BPB Group under the Recurrent Related Party Transactions as per Section 2.3.1 of this Circular which exceeded the credit terms as at 31 December 2019.

## **2.5 Review Procedures and Guidelines for Recurrent Related Party Transactions**

### **2.5.1 Review Procedures**

To ensure that Recurrent Related Party Transactions are undertaken on BPB Group's normal commercial terms, and to supplement the existing internal control procedures of the Group, the Audit Committee is tasked with the review of the procedures of such transactions.

The Audit Committee currently comprises:-

- Dato' Mohzani Abdul Wahab
- Dato' Ahmad Rizal Abdul Rahman
- Tan Sri Dato' Wira Aziah Ali

The following guidelines apply to the review and approval of Recurrent Related Party Transactions to ensure that the terms of the Recurrent Related Party Transactions are fair, reasonable and on normal commercial terms; are not more favourable to the Related Party than those generally available to the public; are not detrimental to minority shareholders and are in the best interest of the Group:-

- The Related Parties and interested Directors will be advised that they are subjected to the shareholders' mandate and will also be advised of the review and disclosure procedures.
- Records will be maintained by the Company to capture all Recurrent Related Party Transactions, which are entered into pursuant to the Proposal.
- The annual internal audit plan shall incorporate a review of the sufficiency and compliance of the guidelines and reviews procedures established to monitor Recurrent Related Party Transactions.
- The Board and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with.

Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including obtaining valuations from professional valuers.

- If a member of the Board or Audit Committee has an interest (direct or indirect) in any Recurrent Related Party Transactions, he shall abstain from any decision making by the Board or Audit Committee in respect of such transactions and continue to abstain from voting on the resolutions approving the transactions.
- Should the Audit Committee during its review form an opinion that the Recurrent Related Party Transactions are not being conducted in accordance with established terms and procedures and/or are not being conducted on an arm's length basis and on normal commercial terms, or are detrimental to the interests of minority shareholders, it will advise the Board to convene a General Meeting of shareholders to seek a fresh shareholders' mandate for the Recurrent Related Party Transactions.

- The interested Director or interested Major Shareholder shall also ensure that the persons connected with him abstain from voting on the resolutions approving the transactions.
- At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar types of products/services and/or quantities. In the event the quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the transaction price will be determined by those offered by/to other unrelated parties for substantially similar type of transactions and approved by the respective Board of Directors of both the transacting entities to ensure that the price and terms of the Recurrent Related Party Transactions are not detrimental to the Group. In addition, the management of the transacting entities shall retain a proper documentation to support the basis in arriving at the relevant transaction prices.
- Notwithstanding the above paragraph, the Audit Committee shall review proposal by the management of the transacting entities (including their audit committee if applicable) for onward approval by the Board.
- Finance Department or Group Secretarial shall be informed through a written communication of knowledge of any Related Party Transaction or Recurrent Related Party Transactions which will be entered into or has been entered into. Due care shall also be exercised prior to entering contracts with related party that may give rise to Related Party Transaction or Recurrent Related Party Transactions.
- Bursa Listing Requirements pertaining to Related Party Transaction or Recurrent Related Party Transactions are to be communicated to all relevant personnel in company/division who are involved in the day to day operations.
- All major shareholders with equity interest of 10% or more and Directors shall be informed on their responsibilities and obligations in respect to Related Party Transaction or Recurrent Related Party Transactions.
- Group Secretarial shall be informed on changes of Director's interest in other companies, directorship and BPB Group.
- Heads of Division and Heads of Subsidiary shall be informed of their responsibilities and obligations to ensure proper identification, tracking and reporting of Related Party Transaction or Recurrent Related Party Transactions.
- Tracking of the value of Related Party Transaction or Recurrent Related Party Transactions shall be done for the purpose of disclosure in the Annual Report. Where the transaction value exceeds 10% or more of the mandated amount, the respective Head of operating units is responsible to notify and provide explanation to Group Secretarial so that immediate announcement to Bursa Malaysia can be made.
- For Recurrent Related Party Transactions that are not included in the mandate but are expected to exceed percentage ratio of 1% or RM1 million (whichever is the higher) in a 12 months period, respective Head of operating units is responsible to track transaction values for immediate announcement to Bursa Malaysia.

## 2.5.2 Guidelines

There are no specific thresholds for approvals of Recurrent Related Party Transactions within the BPB Group. However, there are commercial considerations which the BPB Group takes into account before entering into transactions for the sale/supply of goods and provision of services, in the ordinary course of business:-

- The ability and track record of the purchaser to pay for the goods supplied or services provided;
- Whether past experience and working relationship with the purchaser has been satisfactory;
- The BPB Group's pricing for the goods to be provided or supplied and/or received or purchased is negotiated between the BPB Group and Related Party based on the prevailing market prices as agreed with unrelated third parties;
- The terms are no more favourable to the Related Party than those extended to unrelated third parties and available to the public and the Recurrent Related Party Transactions are not detrimental to minority shareholders;
- The transactions are provided after taking into account factors such as pricing, quality, delivery schedules and, where applicable, preferential rates, rebates or discounts accorded for bulk purchases, the terms offered are fair and reasonable and in the BPB Group's commercial interests;
- The competitiveness in pricing;
- The standard and quality of the goods/services and whether it meets the requirements of the BPB Group;
- The responsiveness and level of service provided by the goods or service providers and whether past experience and working relationship has been satisfactory; and
- The track record and competence of the goods or service provider and whether the goods or service provider has sufficient resources to perform its obligations.

The BPB Group would only enter into transactions with the relevant parties based on the above criteria, regardless of whether or not the party is related.

## 2.6 Statement by Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.5 above and is satisfied that:-

- (i) the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner, and that these procedures and processes are reviewed annually; and
- (ii) the procedures above are sufficient to ensure the terms of the Recurrent Related Party Transactions are fair, reasonable and on normal commercial terms; are not more favourable to the Related Party than those generally available to the public; are not detrimental to minority shareholders and are in the best interest of the Group.

## **2.7 Disclosure**

Disclosure has been made in the 2019 Annual Report of the Company of the aggregate value of transactions conducted during the financial year ended 31 December 2019 pursuant to the 2019 Mandate. Similar disclosure will be made in the Annual Report for the subsequent financial year during which the shareholders' mandate for Recurrent Related Party Transactions is in force, providing amongst others, the following information:-

- (i) The type of Recurrent Related Party Transactions made; and
- (ii) The names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

## **3. RATIONALE AND BENEFIT**

### **3.1 Rationale of the Proposal**

The Proposal is intended to enhance the Group's ability to pursue business opportunities, which are time-sensitive in nature, and will eliminate the need to announce, or to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

### **3.2 Benefits to the BPB Group from Transacting With the Related Parties**

The Recurrent Related Party Transactions entered into by the BPB Group are intended to meet business needs at the best possible terms. The BPB Group should be able to have access to all available markets and products and services provided by all vendors including its Related Parties. Transacting with its Related Parties also enhances the ability to explore beneficial business opportunities within the BPB Group, which will be of benefit to all the companies within the BPB Group. In most instances, companies within the BPB Group have a better understanding of each other's business needs, thus providing a platform where all parties can benefit from relatively cheaper transaction costs.

## **4. CONDITION OF THE PROPOSAL**

The Proposal is conditional upon the approval being obtained from the shareholders of BPB at the forthcoming AGM.

## **5. FINANCIAL EFFECTS OF THE PROPOSAL**

The Proposal is not expected to have any effect on the share capital, earnings, net assets and gearing of the BPB Group.

## **6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

### **(i) Recurrent Related Party Transactions between BPK and BPKOM**

None of the Directors, Major Shareholders of the Company and/or Persons Connected to them, have any interest, direct or indirect, in the Recurrent Related Party Transactions between BPK and BPKOM.

However, Monaliza Zaidel and Idris Ibrahim, being directors of BPK and BPKOM; and LCDA being a major shareholder of BPK and BPKOM are interested in the said Recurrent Related Party Transactions.

Accordingly, Monaliza Zaidel, Idris Ibrahim and LCDA have undertaken that they will abstain from voting in the resolution pertaining to the Proposal in respect of their direct and indirect interest in BPB at the AGM, if any. They have also undertaken that they will ensure that the Persons Connected with them will abstain from voting on the resolution relating to the Proposal at the AGM to be convened.

**(ii) Recurrent Related Party Transactions between BPB Group and BHB Group (including DAMSB)**

Save as disclosed below, none of the other Directors and/or Major Shareholders of the Company and/or Persons Connected to them has any interest, direct or indirect, in the Recurrent Related Party Transactions between BPB Group and BHB Group (including DAMSB).

The direct and indirect shareholding of the interested Major Shareholders, interested Directors of the Company and Persons Connected to them as at LPD are as follows:-

Name	Direct Shareholding		Indirect Shareholding	
	No of Shares	%	No of Shares	%
<b>Interested Major Shareholders</b>				
BHB	1,286,135,900	57.42	-	-
LTAT	270,969,200	12.10	1,286,135,900*	57.42
<b>Interested Directors</b>				
Dato' Sri Ghazali Mohd Ali	1,727,600	0.08	-	-
Datuk Zakaria Sharif^	284,200	0.01	-	-
<b>Interested Persons Connected</b>				
None				

Notes:

\* Deemed interest by virtue of its shareholding in BHB pursuant to Section 8 of the Act.

^ Resigned on 11 December 2019.

Dato' Sri Ghazali Mohd Ali and Datuk Zakaria Sharif (the "Interested Directors"), being the Interested Directors in the said Recurrent Related Party Transactions have abstained from deliberations and voting at the board meetings with regard to the Proposal. Dato' Sri Ghazali Mohd Ali will also continue to abstain from deliberations and voting at the board meetings with regard to the Proposal.

The Interested Directors together with BHB and LTAT (the "Interested Major Shareholders") will also abstain from voting in the resolution pertaining to the Proposal in respect of their direct and indirect interest in BPB at the AGM.

The Interested Directors and Interested Major Shareholders have undertaken that they will ensure that the Persons Connected with them will abstain from voting on the resolution relating to the Proposal at the AGM to be convened.

## **7. DIRECTORS' RECOMMENDATION**

The Directors (except for the Interested Directors) after careful deliberation on the Proposal, are of the opinion that the Proposal is in the best interests of the Company. Accordingly, the Directors (except for the Interested Directors) recommend that you vote in favour of the resolution pertaining to the Proposal to be tabled at the forthcoming AGM.

## **8. AGM**

The One Hundred and Seventh Annual General Meeting (107<sup>th</sup> AGM) of the Company will be held at **Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor** on **Wednesday, 24 June 2020 at 9.00 a.m.**, for the purpose of considering and if thought fit, passing the Ordinary Resolution as set out in the Notice of AGM to approve the Proposal.

The AGM will be conducted on a virtual basis through live streaming whilst the online remote voting will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor's TIIH Online website at <https://tiih.online>.

The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.

In view that the 107<sup>th</sup> AGM will be conducted on a virtual basis, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. Please complete, sign, and return the Proxy Form enclosed in the Annual Report of the Company in accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Monday, 22 June 2020 at 9.00 a.m. For further information on the electronic submission of the Proxy Form, kindly refer to the Administrative Notes provided together with the Annual Report 2019.

## **9. FURTHER INFORMATION**

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

Yours faithfully

For and on behalf of the Board of Directors

**BOUSTEAD PLANTATIONS BERHAD**

**Dato' Mohzani Abdul Wahab**

**Senior Independent Non-Executive Director**

**FURTHER INFORMATION****1. RESPONSIBILITY**

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

**2. MATERIAL LITIGATION**

Save as disclosed below, neither BPB nor its subsidiary companies are engaged in any material litigation, claims or arbitration either as plaintiff or defendant or otherwise, nor are the Directors of BPB aware of any proceedings pending or threatened against BPB and/or its subsidiary companies, or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of BPB and/or its subsidiary companies.

**Kuala Lumpur High Court Suit No. WA-22NCvC-860-12/2018****CIMB Islamic Trustee Berhad and BPB vs Setia Fontaines Sdn Bhd**

On 28 December 2018, CIMB Islamic Trustee Berhad (“First Plaintiff”) acting as trustee for BPB and BPB (“Second Plaintiff”) filed a Writ of Summons and Statement of Claim on Setia Fontaines Sdn Bhd (“Defendant”) for breach of a Sale and Purchase Agreement dated 22 December 2016. The claim is in respect of damages amounting to RM37,207,353.35 for goods and services tax (GST) due from the Defendant together with interest at the rate of 8% per annum and other costs and relief deemed fit by the Court.

The Defendant filed their Statement of Defence on 31 January 2019 and the Plaintiffs filed their Reply to the Statement of Defence on 21 February 2019. The case is now fixed for trial on the 19<sup>th</sup> and 20<sup>th</sup> October 2020.

The Directors, upon consultation with its solicitors, are of the view that the Group has a good case in this suit and are positive of its outcome.

**3. MATERIAL CONTRACTS**

Save as disclosed below, no material contracts, not being contracts entered into in the ordinary course of business, have been entered into by BPB or its subsidiary companies within the past two (2) years preceding the date of this Circular:

- (i) Sale and Purchase Agreement dated 30 October 2017 between Boustead Rimba Nilai Sdn Bhd (“BRNSB”) a wholly-owned subsidiary of BPB and Pertama Land & Development Sdn Bhd for the acquisition by BRNSB of Pertama Estate, Sungai Sapa Payau Estate, Sungai Lokan Estate, Sungai Ruku-Ruku Estate and Sungai Lokan Baru Estate (consisting of 42 parcels of plantation land) located in the Districts of Labuk and Sugut, Sabah measuring approximately 11,579.31 hectares inclusive of all buildings, plant and machinery, vehicles and equipment located at the property for a cash consideration of RM750 million. The acquisition was completed on 16 May 2018.



- (ii) Sale and Purchase Agreements dated 24 January 2018 between CIMB Islamic Trustee Berhad (“CIMBIT”) (acting solely in the capacity as a trustee for BPB) and:
- a) Sunrich Conquest Sdn Bhd (“SCSB”) for the disposal by CIMBIT of a parcel of freehold land held under GRN 57798 Lot 4358, Mukim 12, District of Seberang Perai Utara, Pulau Pinang measuring 82.84 hectares for a cash consideration of RM81.14 million.
  - b) Titanium Greenview Sdn Bhd (“TGSB”) for the disposal by CIMBIT of 2 parcels of freehold land held under GM 288 Lot 248 and GRN 19398 Lot 249, both in Mukim 12, District of Seberang Perai Utara, Pulau Pinang measuring 0.20 hectares and 55.85 hectares respectively for a cash consideration of RM54.9 million.

The disposals were completed on 18 April 2019.

- (iii) Sale and Purchase Agreements (“SPA”) dated 1 August 2018 between BRNSB a wholly-owned subsidiary of BPB and Sit Seng & Sons Realty Sdn Bhd, Ever-Yield Sdn Bhd, Sapatanian Sdn Bhd, Belutanian Sdn Bhd, Realwood Enterprise Sdn Bhd, Syarikat Tani Desa Sdn Bhd, Upaya Abadi Sdn Bhd, Lubah Plantations (S) Sdn Bhd, Sri Istisafa Sdn Bhd, Aikbee Timbers (Sabah) Sdn Bhd, Borneo Glow Sdn Bhd and Vibrant Voyage Sdn Bhd for the acquisition of oil palm plantation lands within the District of Beluran, Kinabatangan and Labuk & Sugut comprising 17 land titles measuring a total of 4,915.25 hectares together with a 45 tonnes per hour palm oil mill and buildings erected thereon as well as a movable assets, machineries and vehicles for a cash consideration of RM397 million.

On 25 March 2019, BRNSB entered into:-

- a) a supplemental agreement (“SA”) with the Vendors to revise the purchase consideration to RM358.66 million after the exclusion of the purchase of 499.3 hectares of oil palm plantation lands together with movable assets (“Lubah property”) as well as road reserve land measuring 1,172.8 square meters. The exclusion of Lubah property was due to non-fulfilment of the removal of equity restriction. The land area under the SA was 4,414.69 hectares.

The above acquisition was completed on 29 April 2019.

- b) an SPA with Lubah Plantations (S) Sdn Bhd for the proposed acquisition of Lubah property for a cash consideration of RM38.21 million. BRNSB has paid a 10% deposit.

The proposed acquisition of Lubah property is expected to be completed by second quarter of 2020.

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

Copies of the following documents will be available for inspection at the office of the Company Secretary of BPB at 13<sup>th</sup> Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, during normal business hours on any weekday (except public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) the Constitution of BPB;
- (ii) the audited consolidated financial statements of BPB for the last 2 financial years ended 31 December 2019 and 31 December 2018;
- (iii) the relevant cause papers in respect of material litigation referred to in Paragraph 2; and
- (iv) the material contracts referred to in Paragraph 3 above.

**ADDRESS OF PROPERTIES RENTED**

1. The transactions are in compliance with Paragraph 3.2(c) of Practice Note 12 of the Listing Requirements.
2. The address of properties rented from the Related Party as set out in Section 2.3 herein are as follows:-

<b>Section</b>	<b>Transacting Party</b>	<b>Address</b>
2.3.1	Boustead Realty Sdn Bhd	10 <sup>th</sup> , 11 <sup>th</sup> , 15 <sup>th</sup> and 19 <sup>th</sup> Floor, Menara Boustead 69, Jalan Raja Chulan, 50200 Kuala Lumpur.