

## BOUSTEAD PLANTATIONS BERHAD (“BPB” OR “COMPANY”)

### PROPOSED DISPOSAL OF FREEHOLD LAND MEASURING A TOTAL OF APPROXIMATELY 247.32 HECTARES FOR A TOTAL CASH CONSIDERATION OF RM143.21 MILLION

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#### 1. INTRODUCTION

Reference is made to our announcement dated 19 May 2015 in relation to the sale and purchase agreements dated 19 May 2015 entered into by CIMB Islamic Trustee Berhad (%CIMB Trustee+), acting solely in the capacity as a trustee for BPB, with:

- (i) Seng Hong Quarry Sdn Bhd (%SHSB+), for the proposed disposal of part of a parcel of freehold land held under GRN 368030 Lot 44930 in Mukim Kulai, District of Kulaijaya, State of Johor measuring approximately 56.30 hectares (%Ha+) for a cash consideration of approximately RM29.09 million (%SPA 1+); and
- (ii) Bentara Gemilang Industries Sdn Bhd (%BGSB+), for the proposed disposal of part of 2 parcels of freehold land held under GRN 368030 Lot 44930 and GRN 236290 Lot 2939 in Mukim Kulai, District of Kulaijaya, State of Johor measuring approximately 31.87 Ha for a cash consideration of approximately RM19.90 million (%SPA 2+),

(collectively referred to as %Proposed Disposal 1+).

The Board of Directors of BPB (%Board+) wishes to further announce that on 15 June 2015:

- (a) CIMB Trustee had entered into a sale and purchase agreement with Sanggul Suria Sdn Bhd (%SSSB+), for the proposed disposal of part of 3 parcels of freehold land held under GRN 401071 Lot 86499, GRN 236290 Lot 2939 and GRN 368030 Lot 44930 in Mukim Kulai, District of Kulaijaya, State of Johor measuring approximately 57.03 Ha for a cash consideration of RM12.28 million (%SPA 3+); and
- (b) Boustead Sungai Manar Sdn Bhd (%BSM+), a wholly-owned subsidiary of BPB, had entered into sale and purchase agreement with Hanson Quarry Products (Segamat) Sdn Bhd (%HQSBS+), for the proposed disposal of 5 parcels of freehold land held under GRN 405928 Lot 44926, GRN 405929 Lot 44927, GRN 405930 Lot 44928, GRN 405931 Lot 44929 and GRN 400949 Lot 44931 and part of a parcel of freehold land held under GRN 353782 Lot 44925 in Mukim Kulai, District of Kulaijaya, State of Johor measuring approximately 102.12 Ha for a cash consideration of RM81.94 million (%SPA 4+),

(collectively referred to as %Proposed Disposal 2+).

BPB has aggregated the Proposed Disposal 1 and Proposed Disposal 2 (collectively referred to as the %Proposed Disposals+) and treated the Proposed Disposals as one transaction in accordance with the principle of aggregation pursuant to Paragraph 10.12(2)(c) of the Main Market Listing Requirements (%MMLR+) of Bursa Malaysia Securities Berhad (%Bursa Securities+).

For the purpose of this announcement:

- (1) SPA 1, SPA 2, SPA 3 and SPA 4 will collectively be referred to as the %SPAs+;
- (2) CIMB Trustee and BSM will collectively be referred to as the %Mendors+; and
- (3) SHSB, BGSB, SSSB and HQSB will collectively be referred to as the %Buyers+.

## 2. DETAILS OF THE PROPOSED DISPOSALS

The Proposed Disposals entail the disposal of 5 parcels of freehold land held under GRN 405928 Lot 44926, GRN 405929 Lot 44927, GRN 405930 Lot 44928, GRN 405931 Lot 44929, GRN 400949 Lot 44931 and part of 4 parcels of freehold land held under GRN 401071 Lot 86499, GRN 236290 Lot 2939, GRN353782 Lot 44925 and GRN 368030 Lot 44930 in Mukim Kulai, District of Kulaijaya, State of Johor measuring a total of approximately 247.32 Ha (collectively referred to as the **Lands**) by the Vendors to the Buyers for a total cash consideration of RM143.21 million (**Sale Consideration**), details as follow:

<b>SPA</b>	<b>Owner</b>	<b>Buyer</b>	<b>Disposal area</b>	<b>Sale Consideration</b>
			<b>Ha</b>	<b>RM' million</b>
1.	BPB	SHSB	56.30	29.09
2.	BPB	BGSB	31.87	19.90
3.	BPB	SSSB	57.03	12.28
4.	BSM	HQSB	102.12	81.94
			<b>247.32</b>	<b>143.21</b>

### 2.1 Details of the Lands

The Lands are situated approximately 43 km north-west of the Johor Bahru city and 15 km north of the Pekan Nenas town.

The Lands are currently used for quarry and/or plantation related activities.

The Lands will be disposed free from all encumbrances (other than the existing lease, if applicable) but subject to the restrictions in interest and conditions, whether expressed or implied, stated in the original titles and/or the subdivided titles of the Lands, as the case may be. For details on the subdivision of the titles of the Lands, please refer to Section 2.3(i) of this announcement.

The total audited net book value of the Lands as at 31 December 2014 was RM14.00 million.

For further information on the Lands, please refer to the Appendix of this announcement.

### 2.2 Basis of arriving at the Sale Consideration

The Sale Consideration for the Proposed Disposals is derived at on a **willing-buyer willing-seller** basis after taking into consideration the fair market value of the Lands of approximately RM138.70 million as appraised by Messrs. C H Williams Talhar & Wong (**Valuer**), an independent property valuer for the Lands which was appointed by BPB, on 11 May 2015 using the comparison method (**Valuation Report**).

In arriving at the market value of the Lands, the Valuer has adopted the comparison method only as other methods of valuation are not applicable for this valuation.

This comparison method of valuation entails comparing the Lands with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing, adjustments were made for differences in attributes and factors such as location, accessibility, size, land tenure, title conditions and restrictions, designated use, improvements and amenities, time element and other relevant factors to arrive at the value of the Lands.

The Sale Consideration represents a premium of RM4.51 million or 3.25% over the fair market value of the Lands of RM138.70 million accorded by the Valuer.

## 2.3 Salient terms of the SPAs

The salient terms of the SPAs are as follows:

### (i) Subdivision and/or delivery of land titles

Where applicable, the Vendors shall make the necessary application for the subdivision of the titles of the Lands (~~(%Subdivided Titles+)~~ (~~%Application+~~) at the cost and expense of the Buyers.

In the event the area stipulated in the Subdivided Titles differs from the disposal area stipulated in the SPAs, the Sale Consideration shall be adjusted at the rate of RM516,667 per Ha and RM624,306 per Ha for SPA 1 and SPA 2 respectively. For both SPA 3 and SPA 4, the corresponding adjustment rate is RM592,015 per Ha.

The original Subdivided Titles shall be delivered to the Buyers/solicitors within 7 days from the receipt of the same (~~(%Completion Date+)~~).

For SPA 3 and SPA 4, the original titles of the relevant Lands and/or the Subdivided Titles shall be delivered to the Buyers/solicitors simultaneously upon the full payment of the Sale Consideration of SPA 3 and SPA 4 respectively.

### (ii) Terms of payment

The Sale Consideration will be settled in the following manner:

	<u>First Payment</u>	<u>Second Payment</u>	<u>Third Payment</u>	<u>Sale Consideration</u>
	RM' million	RM' million	RM' million	RM' million
SPA 1	<sup>(1)</sup> 2.91	<sup>(3)</sup> 20.36	<sup>(3)</sup> 5.82	29.09
SPA 2	<sup>(1)</sup> 1.99	<sup>(3)</sup> 13.93	<sup>(3)</sup> 3.98	19.90
SPA 3	<sup>(2)</sup> 2.46	<sup>(4)</sup> 9.82	-	12.28
SPA 4	<sup>(2)</sup> 16.39	<sup>(4)</sup> 65.55	-	81.94
	<b>23.75</b>	<b>109.66</b>	<b>9.80</b>	<b>143.21</b>

#### Notes:

- (1) *Payment of 10% of the Sale Consideration upon the execution of the SPA 1 and SPA 2 respectively.*
- (2) *Payment of 20% of the Sale Consideration within 7 days from the date of SPA 3 and SPA 4 respectively.*
- (3) *Payment of 90% of the Sale Consideration to the Vendors' solicitors within 30 days from the date of SPA 1 and SPA 2 respectively, which shall be released to the Vendors in the following manner:*
  - (a) *70% of the Sale Consideration to be released within 7 days upon receipt of the same; and*
  - (b) *20% of the Sale Consideration to be released after the Completion Date.*
- (4) *Payment of 80% of the Sale Consideration within 30 days upon receipt of the necessary approvals, consents, documents, confirmation and the original titles of the relevant Lands and/or the Subdivided Titles by the Buyers' solicitors as set out in SPA 3 and SPA 4 respectively.*

**(iii) Execution of Memorandum of Transfer (“MOT”)**

For SPA 1 and SPA 2, the Vendors shall execute an MOT in favour of the Buyers in escrow upon the execution of SPA 1 and SPA 2 respectively. For SPA 3 and SPA 4, the Vendors shall execute an MOT in favour of the Buyers within 14 days upon receipt of the original Subdivided Titles.

The MOT shall be adjudicated by the Buyers solicitors at the cost and expense of the Buyers.

**(iv) Conditions precedent (“CP”)**

There is no CP for both SPA 1 and SPA 2.

SPA 3 and SPA 4 are inter-conditional upon the completion of each other. Further, SPA 3 and SPA 4 are conditional upon the Vendors obtaining the following consents and approvals:

- (a) the approval from the Estate Land Board, if required;
- (b) the consent from the relevant state authority in respect of the relevant Lands which are subject to any restriction against the sale or transfer of said Lands; and/or
- (c) other consents or approvals as may be required to effect the registration of transfer of the relevant Lands to the Buyers.

**(v) Non-perfection of the MOT or non-fulfilment of the CP**

In the event the transfer of the Lands cannot be effected or completed for any of the following reasons:

- (a) any reason not due to default by the Vendors or the Buyers;
- (b) rejection of the Application by the relevant authorities;
- (c) any reason that causes the relevant authorities to reject the issuance of the Subdivided Titles; or
- (d) for SPA 3 and SPA 4, non-fulfilment of any of the CP set out in Section 2.3(iv) above,

the Buyers shall withdraw all caveat lodged over the Lands, return the MOT (if the same is not required for cancellation of stamp duty paid), the Subdivided Titles (if delivered) and all other related documents to the Vendors and redeliver the vacant possession of the Lands, free from any structures and occupiers, if applicable, to the Vendors. The Vendors shall return to the Buyers all payments made by the Buyers in relation to the Sale Consideration free of interest. Thereafter the SPAs shall be null and void and neither party shall have any claims whatsoever against the other.

**(vi) Default by the Buyers**

If the Buyers fail to pay any portion of the balance Sale Consideration in the manner set out in the respective SPAs, the Vendors shall be entitled to forfeit a sum equivalent to 10% of the Sale Consideration. Subject to the withdrawal of all caveat lodged over the Lands by the Buyers, the Vendors shall refund all payments made on the balance Sale Consideration to the Buyers free of interest. The Buyers shall redeliver the vacant possession of the Lands to the Vendors and pay upon demand all cost and expenses incurred by the Vendors in relation to the Application, where applicable. Thereafter the SPAs shall be null and void and neither party shall have any claims whatsoever against the other.

**(vii) Default by the Vendors**

In the event the Vendors fail to complete the sale of the Lands, apply for the subdivision of the titles of the Lands, and/or transfer the Lands to the Buyers, provided always that the Buyers have complied with all of their respective obligations set out in the SPAs, the Buyers shall be entitled to seek specific performance and all other remedies available under the law.

For SPA 3 and SPA 4, the Buyers shall also be entitled to terminate the respective SPAs by notice in writing to the Vendors. In the event the Buyers elect to terminate the respective SPAs, the Vendors shall refund all payments made on the Sale Consideration free of interest within 14 days from the date of the receipt of notice of termination together with an additional sum equivalent to 10% of the Sale Consideration as agreed liquidated damages.

**2.4 Liabilities to be assumed**

BPB is not aware of any liabilities to be assumed by the Buyers arising from the Proposed Disposals.

**2.5 Original cost and date of investment by the Vendors**

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

<u>Owner</u>	<u>Date of acquisition</u>	<u>Land area</u>	<u>Cost of investment</u>
		<u>Ha</u>	<u>RM' million</u>
BPB	29 December 2006	145.20	11.57
BSM	1 November 2008	102.12	2.43
		<b>247.32</b>	<b>14.00</b>

**2.6 Utilisation of proceeds**

The Sale Consideration is expected to be utilised by BPB and/or its subsidiaries (**BPB Group**) in the following manner:

<u>Details of utilisation</u>	<u>RM' million</u>	<u>Timeframe for full utilisation from the date of the SPAs</u>
Repayment of bank borrowings and/or working capital	143.21	Within 12 months

## **2.7 Information on the Vendors**

The Vendors are the registered owners of the Lands.

### **2.7.1 BSM**

BSM, a wholly-owned subsidiary of BPB, was incorporated in Malaysia under the Companies Act, 1965 (~~%Act+~~) on 25 March 1991 as a private limited company under the name of Right Perspective Sdn Bhd. On 12 March 1992, the company changed its name to Ladang Sungai Manar Sdn Bhd. On 9 February 2004, the company assumed its present name.

BSM is principally involved in investment property holding and commenced its business on 25 March 1991.

The authorised share capital of BSM is RM7,500,000 comprising 7,500,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM4,500,000 comprising 4,500,000 ordinary shares of RM1.00 each.

### **2.7.2 CIMB Trustee**

CIMB Trustee holds part of the Lands on behalf of BPB.

BPB was incorporated in the Federation of Malaya under the Companies Ordinance 1910 on 4 July 1946 as a public limited company under the name of The Kuala Sidim Rubber Company, Limited. On 15 April 1966, BPB changed its name to The Kuala Sidim Rubber Company Berhad and subsequently on 12 December 1994, changed its name to Kuala Sidim Berhad. On 10 April 2004, BPB assumed its present name.

BPB was listed on both Bursa Securities (formerly known as Kuala Lumpur Stock Exchange (~~%KLSE+~~)) and the Singapore Stock Exchange (~~%SSE+~~) on 1 August 1973. BPB was delisted from SSE on 1 January 1990, but remained listed on KLSE. On 29 August 2003, BPB was delisted from Bursa Securities and subsequently on 26 June 2014, BPB was listed again on the Main Market of Bursa Securities.

BPB is principally involved in carrying on the business of an investment holding company and oil palm plantations. BPB's subsidiaries are principally involved in the ownership and management of oil palm plantations, cultivation of oil palm and production of palm oil products. BPB's associates are principally involved in agricultural and agronomic research and commercial production of planting materials.

The authorised share capital of BPB is RM2,000,000,000 comprising 4,000,000,000 ordinary shares of RM0.50 each and its issued and paid-up share capital is RM800,000,000 comprising 1,600,000,000 ordinary shares of RM0.50 each.

## **2.8 Information on the Buyers**

### **2.8.1 SHSB**

SHSB was incorporated in Malaysia under the Act as a private limited company on 12 August 2004.

SHSB is principally involved in stone quarry operations and trading of granite.

The authorised share capital of SHSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

#### **2.8.2 BGSB**

BGSB was incorporated in Malaysia under the Act as a private limited company on 30 March 2000 under the name of Shatoosh.com Sdn Bhd. On 11 November 2013, the company changed its name to Bentara Gemilang Industries Sdn Bhd.

BGSB is currently a dormant company.

The authorised share capital of BGSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

#### **2.8.3 SSSB**

SSSB was incorporated in Malaysia under the Act as a private limited company on 22 April 2015.

SSSB is currently a dormant company.

The authorised share capital of SSSB is RM400,000 comprising 400,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM2 comprising 2 ordinary shares of RM1.00 each.

#### **2.8.4 HQSB**

HQSB was incorporated in Malaysia under the Act as a private limited company on 27 June 1981 under the name of Sunway Juarasama (Segamat) Sdn Bhd. On 17 September 2001, the company changed its name to Hanson Quarry Products (Segamat) Sdn Bhd.

HQSB is currently a dormant company.

The authorised share capital of HQSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM4 comprising 4 ordinary shares of RM1.00 each.

### **3. RATIONALE FOR THE PROPOSED DISPOSALS**

The Proposed Disposals offers a good opportunity for BPB Group to unlock and realise the value of its investments in the Lands. Further, the Proposed Disposals will enable BPB Group to dispose all of its quarry related activities which are non-core to BPB Group.

### **4. RISK FACTOR**

The Proposed Disposals is not expected to materially change the risk profile of the BPB Group as the disposal of the Lands will facilitate BPB Group's streamlining process of its business portfolio in the palm oil industry.

## 5. EFFECTS OF THE PROPOSED DISPOSALS

### 5.1 Share capital and substantial shareholders shareholdings

The Proposed Disposals will not have any effect on BPB's issued and paid-up share capital and its substantial shareholders' shareholdings, as the Proposed Disposals will be satisfied wholly in cash.

### 5.2 Earnings

Upon completion of the Proposed Disposals, BPB is expected to realise an estimated gain of RM121.74 million (net of taxation and estimated expenses), which translates into a gain of approximately 7.6 sen per BPB share for the financial year ending 31 December 2015.

For illustration purposes, the pro forma effects of the Proposed Disposals on the earnings of BPB Group assuming that the Proposed Disposals have been completed on 1 January 2014, being the beginning of the financial year ended (FYE) 31 December 2014, are set out below:

	<b>Audited for the FYE 31 December 2014</b>	<b>After the Proposed Disposals</b>
	<b>RM' 000</b>	<b>RM' 000</b>
Profit after tax attributable to owners of BPB	57,158	<sup>(1)</sup> 182,621
Number of ordinary shares in issue (±000)	1,600,000	1,600,000
Earnings per share (RM)	<sup>(2)</sup> 4.3	11.4

#### **Notes:**

(1) *After taking into consideration the following:*

- (i) *the estimated gain of RM121.74 million arising from the Proposed Disposals;*
- (ii) *the net interest savings of approximately RM4.43 million based on an average interest rate of approximately 4.35% per annum, assuming that the Sale Consideration, net of taxation and estimated expenses, is fully utilised for repayment of bank borrowings; and*
- (iii) *the net rental income and net plantation profit forgone from the Lands of approximately RM707,000 per annum.*

(2) *Based on the weighted average number of ordinary shares in issue of 1,320,329,000.*



### 5.3 Net assets (“NA”) and gearing

The pro forma effects of the Proposed Disposals on the NA and gearing of BPB Group based on the latest audited consolidated financial statements of BPB as at 31 December 2014 are set out below:

	<b>Audited as at 31 December 2014</b>	<b>After the Proposed Disposals</b>
	<b>RM’ 000</b>	<b>RM’ 000</b>
Share capital	800,000	800,000
Non-distributable reserves	622,077	622,077
Retained profits	872,805	<sup>(1)</sup> 994,545
<b>Shareholders’ equity / NA</b>	<b>2,294,882</b>	<b>2,416,622</b>
Number of ordinary shares in issue (₹000)	1,600,000	1,600,000
NA per share (RM)	1.43	1.51
Total borrowings	840,915	<sup>(2)</sup> 705,171
Gearing ratio (times)	0.37	0.29

**Notes:**

- (1) *After taking into consideration the estimated gain of RM121.74 million arising from the Proposed Disposals.*
- (2) *Assuming that the Sale Consideration, net of taxation and estimated expenses, is fully utilised for repayment of bank borrowings.*

### 6. APPROVALS REQUIRED

Save as disclosed below, the Proposed Disposals is not subject to the approval from any other authorities:

- (i) the approval from the relevant land authorities for the subdivision and issuance of the Subdivided Titles; and
- (ii) the approval from the Estate Land Board, if required.

The Proposed Disposals is not subject to the approval from the shareholders of BPB.

### 7. INTEREST OF MAJOR SHAREHOLDERS AND DIRECTORS

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

### 8. DIRECTORS’ STATEMENT

Having considered all aspects of the Proposed Disposals, the Board is of the opinion that the Proposed Disposals is in the best interest of BPB Group.

**9. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Disposals is expected to be completed by the 4th quarter of 2015.

**10. HIGHEST PERCENTAGE RATIO APPLICABLE**

The highest percentage ratio applicable to the Proposed Disposals pursuant to Paragraph 10.02(g) of the MMLR is 6.24% based on the Sale Consideration of the Lands against the audited consolidated NA of BPB as at 31 December 2014.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

The SPAs and the Valuation Report will be made available at BPB's registered office at 28th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur from Monday to Friday (except public holiday) during business hours for a period of 1 month from the date of this announcement.

**This announcement is dated 16 June 2015.**

**FURTHER INFORMATION ON THE LANDS**

Further information on the Lands is set out below:

<b>Buyer</b>	<b>Title particulars <sup>(1)</sup></b>	<b>Category of land use</b>	<b>Encumbrances</b>	<b>Existing use</b>	<b>Disposal area Ha</b>	<b>Rental income/ Plantation profit RM' per annum</b>	<b><sup>(2)</sup> Net book value RM' million</b>	<b>Sale Consideration RM' million</b>
SHSB	Part of GRN 368030 Lot 44930	Agriculture	Nil	Quarry activities and oil palm plantation	56.30	95,000	4.28	29.09
BGSB	Part of: (i) GRN 236290 Lot 2939  (ii) GRN 368030 Lot 44930	Agriculture	Lease of part of the land to Hanson Quarry Products Sdn Bhd expiring on 31 March 2017  Nil	Oil palm plantation	31.87	79,000	2.59	19.90
SSSB	Part of: (i) GRN 401071 Lot 86499 (ii) GRN 236290 Lot 2939  (iii) GRN 368030 Lot 44930	Agriculture	Nil  Lease of part of the land to Hanson Quarry Products Sdn Bhd expiring on 31 March 2017  Nil	Quarry activities	57.03	427,000	4.70	12.28

FURTHER INFORMATION ON THE LANDS (CONT'D)

Buyer	Title particulars <sup>(1)</sup>	Category of land use	Encumbrances	Existing use	Disposal area Ha	Rental income/ Plantation profit RM' per annum	<sup>(2)</sup> Net book value RM' million	Sale Consideration RM' million
HQSB	(i) GRN 405928 Lot 44926	Industrial	Nil	Quarry activities	102.12	106,000	2.43	81.94
	(ii) GRN 405929 Lot 44927	Industrial	Nil					
	(iii) GRN 405930 Lot 44928	Building	Nil					
	(iv) GRN 405931 Lot 44929	Industrial	Nil					
	(v) GRN 400949 Lot 44931	Industrial	Nil					
	(vi) Part of GRN 353782 Lot 44925	Industrial	Tenancy to Sun Quarry Sdn Bhd expiring on 30 April 2016					
					<b>247.32</b>	<b>707,000</b>	<b>14.00</b>	<b>143.21</b>

Notes:

- (1) The Lands are located in Mukim Kulai, District of Kulaijaya, State of Johor, with freehold tenure.
- (2) Based on BPB Group's latest audited financial statements as at 31 December 2014.