

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

PROPOSED ACQUISITION OF PLANTATION ASSETS MEASURING A TOTAL OF 11,579.31 HECTARES IN THE DISTRICTS OF LABUK AND SUGUT, SABAH FOR A TOTAL CASH CONSIDERATION OF RM750 MILLION

1. INTRODUCTION

On behalf of the Board of Directors of BPB (“**Board**”), Affin Hwang Investment Bank Berhad (“**Affin Hwang IB**”) wishes to announce that Boustead Rimba Nilai Sdn Bhd (“**BRNSB**”), a wholly-owned subsidiary of BPB, had on 30 October 2017 entered into a sale and purchase agreement (“**SPA**”) with the following parties for the acquisition of plantation assets as described below:

Vendor	Registered Owners
Pertama Land & Development Sdn Bhd (“ PLD ”)	PLD Majusa Sdn Bhd (“ MSB ”) Labuk Estate Sdn Bhd (“ LESB ”) Telupid Plantation Sdn Bhd (“ TPSB ”) Labukpalm Sdn Bhd (“ LSB ”) Ladang Anak Jati Sdn Bhd (“ LAJSB ”) Moyog Properties Sdn Bhd (“ MPSB ”) Tawai Estate Sdn Bhd (“ TESB ”) Telupid Estate Sdn Bhd (“ Telupid ”) Labuk Plantation Sdn Bhd (“ LPSB ”)

The Vendor and the Registered Owners are wholly-owned subsidiaries of DutaLand Berhad (“**DutaLand**”), a public listed company on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). Further information on the Vendor and the Registered Owners are set out in **Section 2.3.9** and **Appendix II** of this announcement respectively.

The SPA involves the proposed acquisition by BRNSB of 42 parcels of leasehold plantation lands located in the Districts of Labuk and Sugut, Sabah measuring a total of 11,579.31 hectares (“**Ha**”), inclusive of all buildings, agricultural equipment, machineries, vehicles and other amenities located at the properties (collectively referred to as the “**Plantation Assets**”) for a total cash consideration of RM750 million (“**Purchase Consideration**”), subject to the terms and conditions contained in the SPA (“**Proposed Acquisition**”).

Further details on the Proposed Acquisition are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Description of the Plantation Assets

The Plantation Assets comprise 42 parcels of plantation lands located in the Districts of Labuk and Sugut, Sabah. They are currently cultivated with oil palm and include buildings, agricultural equipment, machineries, vehicles and other amenities.

Out of the 42 land titles, PLD is the registered and beneficial owner of 27 land titles, which comprise 7,150.92 Ha of lands. The remaining 15 land titles, which comprise 4,428.39 Ha of lands, are beneficially owned by PLD pursuant to the respective sale and purchase agreements dated 30 June 2003 entered into between PLD and each of the Registered Owners (“**PLD SPAs**”).

Notwithstanding the completion of the PLD SPAs, the transfers of these 15 land titles have not been effected from the Registered Owners to PLD. Accordingly, PLD is the beneficial owner of these 15 land titles.

The Plantation Assets comprise 5 plantation estates divided in the following manner:

<u>Name of estates</u>	<u>Location</u>	<u>Tenure of leasehold period</u>	<u>No. of land titles</u>	<u>Area Ha</u>
Pertama Estate	Mile 75, 76 & 77 Jalan Labuk and Telupid, District of Labuk & Sugut, Sandakan, Sabah.	99 years expiring between 2079 to 2081	15	2,636.63
Sg Sapa Payau Estate				1,307.47
Sg Ruku-Ruku Estate	Mile 75, Jalan Labuk and Sungai Ruku Ruku, District of Labuk & Sugut, Sandakan, Sabah.	99 years expiring between 2079 to 2081	12	3,196.18
Sg Lokan Estate	Mile 72 Sungai Lokan, Sungai Lokan and Sungai Ruku Ruku, District of Labuk & Sugut, Sandakan, Sabah.	99 years expiring between 2079 to 2087	8	2,550.08
Sg Lokan Baru Estate				7
			42	11,579.31

Pertama Estate, Sapa Payau Estate, Sg Ruku-Ruku Estate, Sg Lokan Estate and Sg Lokan Baru Estate are collectively referred to as the “**Estates**”.

Further details on the Plantation Assets are set out below:

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	60.00	0.60
	Young mature (4 to 9 years)	1,028.46	10.29
	Prime mature (10 to 20 years)	6,400.09	64.01
	Past mature (more than 20 years)	2,509.81	25.10
	Total planted area	9,998.36	100.00
Estate land area	Estate land area	Ha	%
	Planted area	9,998.36	86.35
	Planting reserve	116.00	1.00
	Unplantable area	620.94	5.36
	Building, sites and roads	967.86	8.36
	Overplanted area	(58.93)	(0.51)
	Other reserve and grid line	(64.92)	(0.56)
	Total estate land area	11,579.31	100.00
Average production of fresh fruit bunches (“FFB”)	For the FYE 30 June	MT/Ha	
	2017	7.82	
	2016	9.01	
	2015	10.51	
Plantation profit	For the FYE 30 June	RM’000	
	2017	24,685	
	2016	14,068	
	2015	19,059	

Audited net book value as at 30 June 2017 : RM340,242,000 ⁽¹⁾

Market value as at 10 October 2017 ⁽²⁾ : RM760,000,000

Notes:

- (1) *Including net book value of other assets amounting to about RM1.03 million that are not allocated to the individual Estates.*
- (2) *Based on the valuation reports dated 10 October 2017 prepared by Messrs. Raine & Horne International Zaki + Partners Sdn Bhd on the Plantation Assets ("**Valuation Reports**").*

Please refer to **Appendix I** of this announcement for further information on each of the Plantation Assets.

2.2 Basis and justification of arriving at the Purchase Consideration

The Vendor agrees to sell and BRNSB agrees to purchase the Plantation Assets free from all encumbrances, caveats, liens and other restraints, subject to the restrictions in interest and conditions of the titles of the Estates and the conditions set out in **Section 2.3.10** of this Announcement.

The Purchase Consideration is derived at on a "willing-buyer willing-seller" basis after taking into consideration the market value of the Plantation Assets of RM760 million as appraised by Messrs. Raine & Horne International Zaki + Partners Sdn Bhd ("**Valuer**"), a firm of independent valuers registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, as at the material date of valuation of 10 October 2017.

Based on the Valuation Reports, the Valuer has adopted the income capitalisation approach (discounted cash flow) and the comparison method of valuation in arriving at the market value of the Plantation Assets.

The income capitalisation approach (discounted cash flow) converts future amounts (i.e. cash flows or income and expenses) to a discounted current amount. The market value measurement reflects current market expectations about said future amounts.

This approach estimates the annual income accruing to the oil palm based on the yield and the long term average price of the crop. The cost of production is deducted thereon and the resultant net income is capitalised at an appropriate rate of return for the remaining cropping life of the oil palm to arrive at the value of the existing crops. At the end of the economic life of the cultivation, the Plantation Assets are reverted to basic land condition, in which the basic land value is discounted for the period.

The Valuer also used the comparison method as a check to the income capitalisation approach (discounted cash flow). The comparison method seeks to determine the value of the Plantation Assets by comparing recent transactions and sale evidences involving other similar properties in the vicinity of the Plantation Assets. Adjustments are made to the transaction value by taking into account factors such as time, size, location, accessibility, cultivation and tenure of the titles.

The Purchase Consideration represents a discount of RM10 million or 1.3% from the market value of the Plantation Assets of RM760 million.

2.3 Salient terms of the SPA

The salient terms of the SPA are as follows:

2.3.1 Conditions precedent (“CPs”)

The SPA is subject to and conditional upon the following CPs being fulfilled on or before the period of 6 months from the date of the SPA with a further extension to be mutually agreed between BRNSB and the Vendor (“**Conditional Period**”):

- (i) the approval from the shareholders of BPB;
- (ii) the approval from the shareholders of DutaLand, the ultimate holding company of the Vendor; and
- (iii) the approval from any regulatory authorities, if applicable.

2.3.2 Mode of payment

The Purchase Consideration will be settled in the following manner:

- (i) payment of RM75.0 million, being 10% of the Purchase Consideration (“**Deposit**”), breakdown as follows:
 - (a) RM15.0 million, being 2% of the Purchase Consideration, which was paid to the Vendor on 22 August 2017 prior to the execution of the SPA;
 - (b) RM37.5 million, being 5% of the Purchase Consideration, to be paid to the Vendor upon execution of the SPA; and
 - (c) RM22.5 million, being 3% of the Purchase Consideration, upon execution of the SPA, which shall be paid to BRNSB’s solicitors as payment for the purpose of real property gains tax,
- (ii) payment of RM675.0 million, being 90% of the Purchase Consideration (“**Balance Purchase Price**”) within 1 month from the fulfilment of all CPs, subject to the issuance of the notice of assessment of stamp duty (“**Unconditional Date**”) (“**Completion Date**”).

If BRNSB fails to pay the Balance Purchase Price by the Completion Date, the Vendor will grant BRNSB an automatic extension of 1 month from the Completion Date to pay the Balance Purchase Price, subject to a late payment interest rate of 8% per annum.

2.3.3 Execution of Memorandum of Transfer (“MOT”)

Upon execution of the SPA, the Vendor and the Registered Owners will execute an MOT for each of the land titles under the Plantation Assets and deposit the same with BRNSB’s solicitors, who will attend to the adjudication thereof.

2.3.4 Delivery of land titles

Upon execution of the SPA, the Vendor and the Registered Owners will deliver the original document of titles for each of the Plantation Assets ("**Title Deeds**") to the Vendor's solicitors. Within 5 business days from the payment of the Balance Purchase Price, the Vendor's solicitors will deliver the Title Deeds to BRNSB's solicitors for the presentation of the MOTs in favour of BRNSB.

2.3.5 Caveat

Upon execution of the SPA, BRNSB shall be entitled to enter private caveats on the land titles to protect its interest on the Plantation Assets pending the completion of the SPA.

2.3.6 Non-fulfilment of the CPs

If one or more of the CPs is not fulfilled within the Conditional Period, the SPA will be terminated. The Vendor will return the Deposit to BRNSB, free of interest, within 10 business days from the date of the notice issued jointly by the Vendor and BRNSB. Thereafter, both parties will not have any claim against the other except any pre-existing breach under the SPA and the Vendor can sell or deal with the Plantation Assets in such manner they deem fit.

2.3.7 Non-perfection of the MOT

If the transfer of the land titles under the Plantation Assets cannot be registered by the relevant land authority for any reason or defect which cannot be rectified within 30 days, BRNSB may terminate the SPA by written notice to the Vendor, in which:

- (i) the Vendor will return all monies paid relating to the Purchase Consideration free of interest to BRNSB ("**Refund**") within 14 days from the date of BRNSB's termination notice to the Vendor; and
- (ii) in simultaneous exchange of the Refund, BRNSB will withdraw all private caveats lodged over the Plantation Assets, return the MOTs, the original Title Deeds (if delivered) and all other related documents with the Vendor's interest on the Plantation Assets intact and the Plantation Assets are in the same state and condition as at the date of their delivery and free from any structures which BRNSB may have erected or constructed and occupiers.

Thereafter, the SPA will be terminated and both parties will not have any claim against the other except any pre-existing breach under the SPA. The Vendor can sell or deal with the Plantation Assets in such manner they deem fit.

2.3.8 Default by BRNSB

If BRNSB fails to pay the Balance Purchase Price or any part of it and the Vendor had complied with all its obligations pursuant to the SPA, the Vendor may terminate the SPA and forfeit the Deposit as agreed liquidated damages. If the SPA is terminated, subject to the withdrawal of the private caveats lodged by BRNSB on the Plantation Assets (if any) and re-delivery of the possession of the Plantation Assets in the same state and condition as at the date of its delivery, the Vendor will return to BRNSB all payments of the Purchase Consideration, free of interest, after deducting the Deposit. Thereafter, the SPA will have no further effect and both parties will not have any claim against the other except any pre-existing breach under the SPA. The Vendor can sell or deal with the Plantation Assets in such manner they deem fit.

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.

2.3.9 Default by the Vendor

If the Vendor fails to complete the sale of the Plantation Assets or breach any of the terms and conditions under the SPA and BRNSB had complied with all its obligations pursuant to the SPA, BRNSB may provide a notice to the Vendor specifying such failure or breach. If the Vendor fails to remedy such failure or breach within 14 business days from the date of receipt of such notice, BRNSB may either seek specific performance and all other remedies available under the law or terminate the SPA. If the SPA is terminated, the Vendor will return to BRNSB all payments of the Purchase Consideration and a further sum equivalent to the Deposit as agreed liquidated damages. Thereafter, the SPA will have no further effect and both parties will not have any claims against the other except any pre-existing breach, without prejudice to other rights and remedies available to BRNSB, in law or equity or under the SPA.

If the Vendor fails to deliver any of the agricultural equipment and vehicles of the Plantation Assets ("**Assets**") upon Completion Date, the Vendor will pay for such Assets within 7 business days from the Completion Date, based on the amount and subject to the provisions set out in the SPA.

2.3.10 Representations and warranties

The representations and warranties made by the Vendor and the Registered Owners under the SPA are, among others, as follows:

- (i) the Vendor and the Registered Owners are the registered owners of the Plantation Assets. The Plantation Assets are free from encumbrances, charges, caveats, liens and restrictions-in-interest;
- (ii) the Vendor and/or the Registered Owners are 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, as the case may be, which might materially affect or impair the Vendor's ability to perform its obligations, stipulations and undertakings under the SPA;

- (iii) there are no demands, suits, proceedings, claims or liabilities whatsoever by any third party against the Vendor and/or the Registered Owners which would affect the obligations of the Vendor and/or the Registered Owners under the provisions of the SPA;
- (iv) the Plantation Assets or any part of it have not been acquired by the Sabah State Government or any other authorities and the Vendor have not received any notice under Section 3 or a declaration under Section 5 of the Land Acquisition Ordinance (Sabah Cap. 69) that the Plantation Assets or any part of it are subject to acquisition or intended acquisition by the Sabah State Government or any authorities;
- (v) there are no outstanding notices in respect of the Plantation Assets served upon the Vendor and/or the Registered Owners from any local authorities, which might affect or impair the Vendor and/or the Registered Owners' ability to perform their obligations under the SPA;
- (vi) no winding-up proceedings have been commenced against the Vendor and/or the Registered Owners as at the date of the SPA and the Vendor and/or the Registered Owners 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 Plantation Assets which are due and payable as at the date of the SPA have been fully settled by the Vendor and/or the Registered Owners and any outgoing (including fines and penalties, if any) that may be assessed or imposed at any time between the date of the SPA and the delivery of vacant possession of the Plantation Assets will be fully settled by the Vendor and/or the Registered Owners; and
- (viii) the Vendor and/or the Registered Owners have observed and complied with all conditions of title, covenants, restrictions and category of use, whether express or implied, in respect of the Plantation Assets and will indemnify BRNSB against any liabilities in respect of taxes, fees, charges or other amounts payable in respect of the Plantation Assets before the delivery of vacant possession of the Plantation Assets as provided under the SPA.

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

- (a) BRNSB 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 BRNSB's ability to perform its obligations under the SPA;
- (b) there are no demands, suits, proceedings, claims or liabilities by any third party against BRNSB which would affect the rights of BRNSB to purchase the Plantation Assets; and
- (c) no winding-up proceedings have been commenced against BRNSB as at the date of the SPA and BRNSB has not commenced any action or passed any resolution for its voluntary winding-up.

2.3.11 Condition of the Plantation Assets

The Plantation Assets will be sold to BRNSB free from all encumbrances, caveats, liens and other restraints. BRNSB has inspected the Plantation Assets during the period from 4 to 14 September 2017. Upon delivery of vacant possession of the Estates, BRNSB will comply with all notices and requirements of the Sabah State Government and local authorities in respect of the Lands, if any.

The vacant possession of the Estates will be delivered by the Vendor to BRNSB upon registration of the Title Deeds in favour of BRNSB, subject to the following:

- (i) the Estates will be free from all debts and liabilities as at the Completion Date, save as otherwise provided in the SPA;
- (ii) the Vendor will pay for the entire construction costs for the proposed construction of a block of workers' quarters amounting to RM350,000, notwithstanding that the construction works may not be completed on or before the Completion Date;
- (iii) the Vendor will settle all lease, hire-purchase rentals and/or instalments which are due and payable on or prior to the Completion Date for the leasing and/or hire-purchase of tractors which form part of the Assets;
- (iv) the Vendor will pay for the existing terracing contract for the Sg Lokan Baru Estate valued at about RM170,000, notwithstanding that the related works may not be completed on or before the Completion Date;
- (v) upon execution of the SPA, the Vendor will place an order to provide a minimum of RM3.0 million worth of fertilisers for use in the Estates. If the suppliers cannot deliver such volume of the fertilisers by the Completion Date, the Vendor will pay the remaining undelivered volume of the fertilisers as and when they are delivered to the Estates.
- (vi) from the date of the SPA until the Completion Date, the Vendor undertakes to ensure that the road upkeeping works, weeding and manuring of the Estates shall continue as per the Estates' current budget plan. If there is any unreasonable variance compared to said budget plan which will be calculated on a monthly basis, BRNSB and the Vendor will discuss and resolve the matter; and
- (vii) save for the above, all other subsisting contracts will be terminated on or before the Completion Date and all outstanding liabilities shall be solely borne by the Vendor.

2.3.12 Appointment of observer

Between the execution of the SPA and the Completion Date, BRNSB may appoint representative(s) to observe the running of the Plantation Assets to ensure a smooth transition and handover of the Plantation Assets to BRNSB on the Completion Date.

2.3.13 Employees of the Plantation Assets

Prior to the Completion Date, all of the employees of the Plantation Assets will be terminated by the Vendor in accordance to the applicable law and the Vendor will be liable to settle all redundancy claims, compensation or collect any loans, debts or any amount whatsoever against the employees.

Immediately after the Completion Date, BRNSB will employ selected employees on new employment agreements with a probationary period of 6 months and on other terms and conditions to be determined by BRNSB.

2.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by BPB arising from the Proposed Acquisition.

2.5 Additional financial commitment

Save for the capital expenditure and operation expenses in relation to the Plantation Assets, the Purchase Consideration and other expenses relating to the Proposed Acquisition, BPB and its subsidiaries ("**BPB Group**") does not expect to incur any other additional financial commitment after the completion of the Proposed Acquisition.

Further information on the estimated capital expenditure and operational expenses for the improvement of the Plantation Assets are set out under **Section 4.3** of this announcement.

2.6 Source of funding

BPB intends to fund the Proposed Acquisition through internally generated funds and borrowings in the following manner:

	<u>RM'million</u>
Internally generated funds	* 300.0
Bank borrowings	450.0
Purchase Consideration	<u>750.0</u>

Note:

* *Proceeds allocated for acquisition of oil palm plantation from the sale of part of Malakoff Estate, which was completed on 26 September 2017 ("**Malakoff Sale**"). Prior to the completion of the Malakoff Sale, the proceeds were used for repayment of BPB's revolving credit and overdraft facilities pursuant to BPB's circular dated 16 March 2017.*

2.7 Information on BRNSB

BRNSB was incorporated in Malaysia under the then Companies Act, 1965 (deemed incorporated under the Companies Act, 2016) ("**Act**") on 13 June 1995 as a private limited company under the name of Rimba Nilai Sdn Bhd. On 4 March 2004, the company assumed its present name. BRNSB is a wholly-owned subsidiary of BPB. It is principally involved in the cultivation of oil palm and processing of FFB.

As at 27 October 2017, being the latest practicable date prior to the date of this announcement ("**LPD**"), the total issued shares of BRNSB is RM100,000,000 comprising 100,000,000 ordinary shares of BRNSB.

The existing directors of BRNSB are Mr Chow Kok Choy, Dato' Shoib Abdullah and Sharudin Jaffar.

2.8 Information on the Vendor

PLD was incorporated in Malaysia under the Act on 9 June 1981 as a private limited company under its present name. PLD is a wholly-owned subsidiary of Duta Plantations Sdn Bhd (“**DPSB**”), which in turn is a wholly-owned subsidiary of DutaLand. It is principally involved in the cultivation of oil palm and sales of oil palm FFB.

As at the LPD, the total issued shares of PLD is RM10,000,000 comprising 10,000,000 ordinary shares of PLD.

The existing directors of PLD are Tan Sri Dato’ Yap Yong Seong, Dato’ Sri Yap Wee Keat, Yap Wee Chun and Ng Ju Siong.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is part of BPB Group’s strategy to acquire more plantation lands in Malaysia in view of the scarcity of suitable and sizeable land banks for oil palm cultivation. Upon completion of the Proposed Acquisition, the total plantation land bank held by BPB Group will increase by about 14.1%, from 81,838 Ha to 93,417 Ha. This also represents an increase of 15.7% in total planted area of oil palms from 63,840 Ha to 73,838 Ha.

The Proposed Acquisition represents a move to replace some of BPB Group’s plantation lands in Peninsular Malaysia which were disposed in recent years with sizable plantation lands in Sabah at a lower cost. This is in view of the rapid developments in Peninsular Malaysia which have resulted in lands being less viable for plantation activities. This strategy also presents BPB Group with the opportunity to improve its income over the long term for its future growth.

After taking into consideration the above as well as the prospects of the Estates, as further elaborated in **Section 4.3** of this announcement, BPB is of the view that the Proposed Acquisition represents a strategic investment by BPB Group which is expected to grow its plantation revenue and profitability in the future.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview of the Malaysian economy

The Malaysian economy grew by 5.8% in the second quarter of 2017 (1Q 2017: 5.6%) underpinned by continued expansion in private sector expenditure. On the external front, growth of 9.6% was supported by the robust expansion in real exports of goods and services (1Q 2017: 9.8%) following strong demand for manufactured and commodity products. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

Domestic demand grew by 5.7% in the second quarter of the year (1Q 2017: 7.7%), supported by continued expansion in both private sector expenditure of 7.2% (1Q 2017: 8.2%) and public sector spending of 0.2% (1Q 2017: 5.8%). Private consumption recorded a growth of 7.1% (1Q 2017: 6.6%), supported by the improvement in private sector wages amid continued strength in employment growth. During the quarter, consumer sentiments continued to improve, providing further impetus to household spending.

In the agriculture sector, growth remained firm as crude palm oil yields continued to recover from the negative impact of El Nino.

Given the continued strong performance in the second quarter of 2017, the Malaysian economy recorded a strong growth of 5.7% in first half of 2017. At this point, compared to the beginning of the year, there are considerable improvements in the operating environment of the economy. Looking ahead, it is likely for the Malaysian economy to expand by more than 4.8% for the whole year of 2017. On the external front, exports are expected to benefit from the improvement in global growth, especially among Malaysia's key trading partners. Overall, the economy is expected to record a stronger growth in 2017.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2017, Bank Negara Malaysia)

4.2 Industry outlook

Prolonged dry weather conditions and below average rainfall brought about by the El-Nino weather phenomenon during the second half of 2015 and into the first half of 2016 had impacted the Malaysian oil palm industry performance in 2016. The year 2016 saw crude palm oil (“CPO”) production declined by double-digit, which drew down palm oil stocks and pushed up palm oil prices. High palm oil prices had influenced exports to major markets as the discount of CPO to soya bean oil narrowed. Average CPO price in 2016 was higher by 23.2% to reach RM2,653.00 per tonne. Higher palm oil prices also helped to increase the export revenue by 7.3% to RM64.58 billion from RM60.17 billion in 2015.

Oil palm planted area in 2016 reached 5.74 million Ha, an increase of 1.7% as against 5.64 million Ha recorded in the previous year. This was mainly due to the increase in new planted areas, especially in Sarawak, which recorded an increase of 4.7%. Sabah is still the largest oil palm planted State, with 1.55 million Ha or 27% of the total oil palm planted area, followed by Sarawak with 1.51 million Ha or 26%. Meanwhile, Peninsular Malaysia (with 11 states) accounted for 2.68 million Ha or 47% of the total planted area.

In 2016, CPO production recorded a decline of 13.2% to 17.32 million MT against 19.96 million MT produced in 2015. The decrease was due to lower FFB processed, down by 12.0% arising from lower FFB yield, which declined by 13.9% and also lower oil extraction rate (“OER”). CPO production in Peninsular Malaysia, Sabah and Sarawak decreased by 15.7%, 15.3% and 3.2% to 8.89 million MT, 4.85 million MT and 3.59 million MT respectively.

The FFB yield for 2016 was also lower, down by 13.9% to 15.91 MT/Ha as against 18.48 MT/Ha achieved in 2015. The El-Nino phenomenon beginning in the second half of 2015, with prolonged dry weather conditions and below average rainfall had impacted the production of FFB in 2016. FFB yield for Peninsular Malaysia declined by 16.0% to 15.77 MT/Ha as against 18.77 MT/Ha achieved in 2015. Sabah registered a decline of 14.5% to 17.10 MT/Ha as against 19.99 MT/Ha achieved in the previous year. Sarawak's FFB yield was relatively lower at 14.86 MT/Ha or down by 8.3% as compared to 16.21 MT/Ha achieved in 2015.

The National OER in 2016 declined by 1.4% to 20.18% mainly due to unfavourable weather conditions and lower quality of FFB processed by palm oil mills. OER in Peninsular Malaysia, Sabah and Sarawak declined by 1.2%, 2.1% and 0.6% to 19.76%, 21.11% and 20.02% respectively.

(Source: Overview of the Malaysian Oil Palm Industry, 2016, Malaysian Palm Oil Board (“MPOB”))

4.3 Prospects of the Estates

The palm oil industry is recognised as a main contributor for the domestic economy, hence BPB is of the view that the future prospects for the Estates will remain favourable.

In Sabah, BPB Group operates 13 estates and 4 palm oil mills, with a total plantation land of 29,482 Ha, out of which 27,221 Ha is planted with oil palms. BPB Group has an established track record for its FFB yield and estate management in Sabah. A summary of BPB Group's FFB yield in Sabah for the past 3 years is set out below:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
FFB yield (MT/Ha)	18.7	* 18.0	* 16.6
MPOB's benchmark yield for Sabah ^ (MT/Ha)	21.3	20.0	17.1

Notes:

^ *Source: MPOB.*

* *Lower yield mainly attributable to the severe dry spell in 2015 and 2016 which had lasting after effects that impacted cropping patterns in the Sabah region.*

The total FFB yield from the Estates for the past 3 years are set out below:

For the FYE 30 June	<u>2015</u>	<u>2016</u>	<u>2017</u>
FFB yield (MT/Ha)	10.5	9.0	7.8

From the tables set out above, the FFB yield from the Estates is significantly lower than BPB Group's FFB yield for its Sabah estates.

BPB Group's management intends to focus on improving the productivity of the Estates upon completion of the Proposed Acquisition by implementing the following measures:

- (i) progressive replanting of old and low yielding fields with higher yielding planting materials.

The management plans to replant about 7,400 Ha out of 9,998 Ha plantable area of the Estates over the next 10 years with improved high yielding semi-clonal and clonal oil palms, which is expected to boost the FFB yield and profitability of the Estates in the long run;

- (ii) construction of a new palm oil mill on one of the Estates.

The Estates are located in close proximity with BPB Group's existing estates, namely Resort, Nak and Sutera Estates, allowing BPB Group to benefit from economies of scale particularly in terms of mill operations. The management plans to construct a new palm oil mill with a production capacity of 60 MT/hour on one of the Estates which is expected to improve production and operational efficiencies. The said mill, with a target completion by 2020, will increase the OER of FFB as it will eventually replace the existing mill located at Nak Estate which has a lower production capacity of 40 MT/hour ("**Nak Palm Oil Mill**"). All of the FFB produced from the other estates of BPB Group which are currently transported to the Nak Palm Oil Mill will then be transported to the relocated palm oil mill, which will reduce transportation costs;

- (iii) implementation of good agricultural practices and adequate fertiliser inputs based on site yield potential;
- (iv) efficient FFB harvesting and evacuation through sufficient supply of labour and the usage of mechanised equipment and machineries; and
- (v) improving the infrastructure within the Estates such as building access roads, bridges and workers' quarters.

BPB Group estimates a total investment of RM250 million for the above measures which will be made over a period of 10 years upon completion of the Proposed Acquisition. The capital expenditure is expected to be financed via internally generated funds and/or bank borrowings. The exact mix of the internally generated funds and/or bank borrowings will be determined by BPB Group at a later stage, after taking into consideration the gearing level of BPB Group, interest costs and internal cash requirements for BPB Group's business operations.

The management believes that through their vast experience and technical expertise in the plantation business, they will be able to apply such knowledge to improve the yield of the Estates to be in line with other estates owned and/or managed by BPB Group.

BPB Group has proven its ability to improve the FFB yield of its estates with its previous acquisition of G&G Estate in Sabah. The implementation of good agricultural practices and high fertiliser inputs on this estate have resulted in improved FFB yield of 21.1 MT/Ha in 2016, compared with 17.54 MT/Ha achieved before BPB Group acquired the estate in December 2013.

The increase in plantation hectareage pursuant to the Proposed Acquisition will also improve BPB Group's presence in the oil palm cultivation business in Malaysia.

The Proposed Acquisition will enable BPB to strategically position itself to stay competitive in highly challenging market conditions. BPB Group believes that the strategic value creation to be derived from the Proposed Acquisition will translate into operational efficiencies thus improving profitability in the long run.

5. RISK FACTORS

Risk factors relating to the Proposed Acquisition include, but are not limited to, the following:

5.1 Inability to source for labour to operate the Estates

As elaborated under **Section 2.3.13** of this announcement, all existing employees of the Estates will be terminated by the Vendor and BPB Group will be hiring selected former employees as well as new employees to operate the Estates. Due to increasing competition with other plantation companies to source for labour in Malaysia, there is no assurance that BPB Group will be able to source for sufficient labour required to operate and maintain the Estates.

Notwithstanding the above, BPB will continuously consider measures to attract and retain employees in ensuring the smooth operation of the Estates.

5.2 Non-completion of the Proposed Acquisition

There is a possibility that the SPA may not be completed due to non-fulfilment of any of the CPs. There is no assurance that the Proposed Acquisition can be completed within the time period prescribed under the SPA.

The Board will take reasonable steps to ensure that such CPs are met and fulfilled within the prescribed timeframe, besides ensuring every effort is made to obtain all the necessary approvals in order to complete the Proposed Acquisition in a timely manner.

5.3 Failure to improve the Estates' yield

There can be no assurance that BPB Group will be able to achieve the expected yield from the Estates, notwithstanding the capital expenditure to be incurred by BPB Group in order to improve the productivity of the Estates upon completion of the Proposed Acquisition. This is because the performance of the Estates is subject to certain external factors that may cause disruptions or reduction in the production of supply of FFB, such as unfavourable weather, landslides, diseases, crop pests affecting the oil palm and insufficient labour to harvest the FFB.

5.4 Business risk

In undertaking the Proposed Acquisition, BPB is subject to certain risks inherent in the plantation industry. These include, but are not limited to, outbreaks of oil palm plantation diseases, damage from pests, fire or other natural disasters, unscheduled interruptions in palm oil milling, adverse climate conditions, changes in law and tax regulations affecting palm oil, increase in labour and/or other production costs and changes in business and credit conditions.

BPB's ability to mitigate these risks depends on various factors, including the ability to keep abreast of the latest technologies, disease prevention and plantation operations and other developments in the industry as well as BPB's ability to effectively implement business strategies. Although BPB seeks to limit these risks, no assurance can be given that any change in these factors will not have an adverse impact on BPB's plantation business.

5.5 Fluctuations in crude palm oil ("CPO") prices

The prices of palm oil fluctuate over time based on the demand and supply conditions in the global edible oils and fats market. Such other factors are beyond BPB Group's control.

Any fluctuation in the prices of CPO will affect BPB Group's profitability. BPB seeks to mitigate any adverse effect caused by the fluctuations in CPO prices through adopting a more prudent management approach with the objectives of enhancing the cost effectiveness and optimisation of returns and focusing its efforts to improve the overall production efficiency and yield of the Plantation Assets.

5.6 Financing risk

BPB intends to finance the Proposed Acquisition and the capital expenditure to rehabilitate the Estates upon completion of the Proposed Acquisition through a combination of internally generated funds and borrowings.

Any utilisation of internal funds is expected to result in a depletion of BPB's working capital, which may have an effect on the cash flow position of BPB Group. Any additional borrowings to finance the Proposed Acquisition and/or capital expenditure would expose BPB Group to a financing risk such as fluctuations in interest rates.

BPB will continue to take effective measures such as prudent financial management and conduct to manage its cash flow position and funding requirements, but there is no assurance that such measures would be adequate to address the aforesaid financing risks.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued share capital as well as the substantial shareholders' shareholdings of BPB because it does not involve any issuance of new shares.

6.2 Earnings and earnings per share ("EPS")

The Proposed Acquisition is not expected to have any material impact on the earnings and EPS of BPB Group for the current financial year ending 31 December 2017. However, the Proposed Acquisition is expected to contribute positively to the future earnings of BPB Group.

6.3 Net assets ("NA"), NA per share and gearing

The Proposed Acquisition is not expected to have any material impact on the NA and NA per share of BPB Group.

After taking into account the repayment of certain borrowings as described under Note 1 below and the additional bank borrowings of RM450 million to be obtained by BPB Group to partly fund the Proposed Acquisition, the gearing of BPB Group is expected to reduce by about 0.09 times to 0.32 times from 0.41 times as at 31 December 2016, as illustrated below:

	Audited as at 31 December 2016	After the Proposed Acquisition
	RM'000	RM'000
Shareholders' equity / NA	2,185,701	2,185,701
Total borrowings	901,152	⁽¹⁾ 707,952
Gearing ratio (times) ⁽²⁾	0.41	0.32

Notes:

- (1) *After taking into consideration the following:*
- (i) *additional bank borrowings of RM450 million to partly fund the Purchase Consideration; and*
 - (ii) *repayment of bank borrowings amounting to RM643.2, breakdown as follows:*
 - (1) *RM356.2 million from the variation to BPB's initial public offering proceeds which was announced on 22 August 2017; and*
 - (2) *RM287.0 million from the proceeds of the Malakoff Sale which was completed on 26 September 2017.*
- (2) *Gearing is calculated as total borrowings divided by shareholders' equity.*

7. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") is 34.31% based on the Purchase Consideration against the audited consolidated NA of BPB as at 31 December 2016.

8. APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approval:

- (i) shareholders of BPB at an Extraordinary General Meeting ("**EGM**") to be convened; and
- (ii) shareholders of DutaLand at an EGM to be convened.

The Proposed Acquisition is not conditional upon any other corporate proposals undertaken or to be undertaken by BPB Group.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

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

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition including but not limited to the Purchase Consideration, the rationale, the terms of the SPA, the valuation on the Plantation Assets and the financial effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of BPB Group.

11. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed by the 2nd quarter of 2018.

12. ADVISER

Affin Hwang IB has been appointed as the Principal Adviser for the Proposed Acquisition.

13. APPLICATION TO AUTHORITIES

BPB expects to make the applications to the relevant authorities in relation to the Proposed Acquisition within 1 month from the date of this announcement.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the Valuation Reports 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 30 October 2017.

FURTHER INFORMATION ON THE PLANTATION ASSETS

Further information on the Plantation Assets are set out below:

1. Pertama Estate

Location : Mile 75, 76 & 77 Jalan Labuk and Telupid, District of Labuk & Sugut, Sandakan, Sabah.

Registered owners, title particulars and tenure of leasehold period	No.	Title particulars	Registered Owner	Tenure
	1.	CL 085317344	PLD	Leasehold 99 years expiring 31/12/2079
	2.	CL 085314816	PLD	Leasehold 99 years expiring 31/12/2079
	3.	CL 085314825	PLD	Leasehold 99 years expiring 31/12/2081
	4.	CL 085314414	MSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	5.	CL 085314870	PLD	Leasehold 99 years expiring 31/12/2081
	6.	CL 085314834	PLD	Leasehold 99 years expiring 31/12/2079
	7.	CL 085312616	PLD	Leasehold 99 years expiring 31/12/2079
	8.	CL 085313622	PLD	Leasehold 99 years expiring 31/12/2079
	9.	CL 085314861 ⁽²⁾	PLD	Leasehold 99 years expiring 31/12/2081
	10.	CL 085313168 ⁽²⁾	PLD	Leasehold 99 years expiring 31/12/2079

Existing use : Oil palm plantation

Description : Cultivated with oil palm and include buildings, road facilities and other amenities

List of agricultural equipment and motor vehicles	No.	Description	Unit
	1.	Motor vehicles	2
	2.	Water bowser	5
	3.	Tipping trailer	15
	4.	Tractor	14

Category of land use : Agriculture

Restriction in interest : Nil

Special terms : Subject to the provisions and conditions contained in the Land Ordinance (Sabah Cap. 68) and the special terms as per the respective land titles.

Encumbrances : Nil

Total land area : 2,636.63 Ha

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	720.10	31.72
	Prime mature (10 to 20 years)	1,549.85	68.28
	Past prime (more than 20 years)	-	-
	Total planted area	2,269.95	100.00

Estate land area	Land area	Ha	%
	Planted area	2,269.95	86.09
	Planting reserve	25.00	0.95
	Unplantable area	106.14	4.03
	Building, sites and roads	230.39	8.74
	Overplanted area	(0.20)	(0.01)
	Other reserve and grid line	5.35	0.20
	Total estate land area	2,636.63	100.00

FURTHER INFORMATION ON THE PLANTATION ASSETS (CONT'D)

Average production of FFB	:	For the FYE 30 June	MT/Ha
		2017	11.13
		2016	9.92
		2015	11.59

Plantation profit	:	For the FYE 30 June	RM'000
		2017	9,019
		2016	3,788
		2015	5,287

Audited net book value as at 30 June 2017 : RM115,541,000 ⁽³⁾

Market value as at 10 October 2017 ⁽⁴⁾ : RM188,900,000

Notes:

- (1) PLD is the beneficial owner pursuant to the PLD SPAs.
- (2) Shared titles between Pertama Estate and Sg Sapa Payau Estate.
- (3) Combined net book value for Pertama Estate and Sg Sapa Payau Estate.
- (4) Based on the Valuation Reports.

2. Sg Sapa Payau Estate

Location : Mile 75, 76 & 77 Jalan Labuk and Telupid, District of Labuk & Sugut, Sandakan, Sabah.

Registered owners, title particulars and tenure of leasehold period	:	No.	Title particulars	Registered Owner	Tenure
		1.	CL 085314843	PLD	Leasehold 99 years expiring 31/12/2080
		2.	CL 085313177	MSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
		3.	CL 085313453	MSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2081
		4.	CL 085314683	PLD	Leasehold 99 years expiring 31/12/2081
		5.	CL 085314692	MSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2081
		6.	CL 085314861 ⁽²⁾	PLD	Leasehold 99 years expiring 31/12/2081
		7.	CL 085313168 ⁽²⁾	PLD	Leasehold 99 years expiring 31/12/2079

Existing use : Oil palm plantation

Description : Cultivated with oil palm and include buildings, road facilities and other amenities

List of agricultural equipment and motor vehicles	:	No.	Description	Unit
		1.	Motor vehicles	2
		2.	Water bowser	4
		3.	Tractor	8
		4.	Tipping trailer	12

Category of land use : Agriculture

Restriction in interest : Nil

Special terms : Subject to the provisions and conditions contained in the Land Ordinance (Sabah Cap. 68) and the special terms as per the respective land titles.

Encumbrances : Nil

FURTHER INFORMATION ON THE PLANTATION ASSETS (CONT'D)

Total land area	:	1,307.47 Ha		
Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	-	-
		Young mature (4 to 9 years)	183.74	20.35
		Prime mature (10 to 20 years)	719.13	79.65
		Past prime (more than 20 years)	-	-
		Total planted area	902.87	100.00
Estate land area	:	Land area	Ha	%
		Planted area	902.87	69.06
		Planting reserve	-	-
		Unplantable area	268.69	20.55
		Building, sites and roads	135.91	10.39
		Overplanted area	-	-
		Other reserve and grid line	-	-
		Total estate land area	1,307.47	100.00
Average production of FFB	:	For the FYE 30 June	MT/Ha	
		2017	9.34	
		2016	9.34	
		2015	9.25	
Plantation profit	:	For the FYE 30 June	RM'000	
		2017	2,170	
		2016	795	
		2015	1,089	
Audited net book value as at 30 June 2017	:	RM115,541,000 ⁽³⁾		
Market value as at 10 October 2017 ⁽⁴⁾	:	RM87,100,000		

Notes:

- (1) *PLD is the beneficial owner pursuant to the PLD SPAs.*
- (2) *Shared titles between Pertama Estate and Sg Sapa Payau Estate.*
- (3) *Combined net book value for Pertama Estate and Sg Sapa Payau Estate.*
- (4) *Based on the Valuation Reports.*

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FURTHER INFORMATION ON THE PLANTATION ASSETS (CONT'D)
3. Sg Ruku-Ruku Estate

Location : Mile 75, Jalan Labuk and Sungai Ruku Ruku, District of Labuk & Sugut, Sandakan, Sabah.

Registered owners, title particulars and tenure of leasehold period	No.	Title particulars	Registered Owner	Tenure
	1.	CL 085312947	LESB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	2.	CL 085312956	TPSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	3.	CL 085312974	LPSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	4.	CL 085312983	LAJSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	5.	CL 085313024	MPSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2080
	6.	CL 085313006	TESB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	7.	CL 085312992	Telupid ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	8.	CL 085313015	LPSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
	9.	CL 255314802	MSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2080
	10.	CL 085318092	PLD	Leasehold 99 years expiring 31/12/2081
	11.	CL 085317693	PLD	Leasehold 99 years expiring 31/12/2080
	12.	CL 255314795	PLD	Leasehold 99 years expiring 31/12/2080

Existing use : Oil palm plantation

Description : Cultivated with oil palm and include buildings, road facilities and other amenities

List of agricultural equipment and motor vehicles	No.	Description	Unit
	1.	Motor vehicles	2
	2.	Tipping trailer	18
	3.	Tractor	18
	4.	Water bowser	4

Category of land use : Agriculture

Restriction in interest : Nil

Special terms : Subject to the provisions and conditions contained in the Land Ordinance (Sabah Cap. 68) and the special terms as per the respective land titles.

Encumbrances : Nil

Total land area : 3,196.18 Ha

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	-	-
	Prime mature (10 to 20 years)	628.21	21.92
	Past prime (more than 20 years)	2,237.83	78.08
	Total planted area	2,866.04	100.00

Estate land area	Land area	Ha	%
	Planted area	2,866.04	89.67
	Planting reserve	-	-
	Unplantable area	106.34	3.33
	Building, sites and roads	266.79	8.34
	Overplanted area	(24.08)	(0.75)
	Other reserve and grid line	(18.91)	(0.59)
	Total estate land area	3,196.18	100.00

FURTHER INFORMATION ON THE PLANTATION ASSETS (CONT'D)

Average production of FFB	:	For the FYE 30 June	MT/Ha
		2017	8.01
		2016	9.43
		2015	10.91

Plantation profit	:	For the FYE 30 June	RM'000
		2017	5,917
		2016	4,942
		2015	6,312

Audited net book value as at 30 June 2017 : RM93,631,000

Market value as at 10 October 2017 ⁽²⁾ : RM202,000,000

Notes:

(1) *PLD is the beneficial owner pursuant to the PLD SPAs.*

(2) *Based on the Valuation Reports.*

4. Sg Lokan Estate

Location : Mile 72 Sungai Lokan, Sungai Lokan and Sungai Ruku Ruku, District of Labuk & Sugut, Sandakan, Sabah.

Registered owners, title particulars and tenure of leasehold period	:	No.	Title particulars	Registered Owner	Tenure
		1.	CL 255317545	PLD	Leasehold 99 years expiring 31/12/2080
		2.	CL 255317554	PLD	Leasehold 99 years expiring 31/12/2080
		3.	CL 255317563	MSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2081
		4.	CL 255321718	PLD	Leasehold 99 years expiring 31/12/2087
		5.	CL 255312639	PLD	Leasehold 99 years expiring 31/12/2079
		6.	CL 255312700	MSB ⁽¹⁾	Leasehold 99 years expiring 31/12/2079
		7.	CL 255312693	PLD	Leasehold 99 years expiring 31/12/2079
		8.	CL 085312689	PLD	Leasehold 99 years expiring 31/12/2079

Existing use : Oil palm plantation

Description : Cultivated with oil palm and include buildings, road facilities and other amenities

List of agricultural equipment and motor vehicles	:	No.	Description	Unit
		1.	Motor vehicles	2
		2.	Water bowser	3
		3.	Tractor	12
		4.	Tipping trailer	16

Category of land use : Agriculture

Restriction in interest : Nil

Special terms : Subject to the provisions and conditions contained in the Land Ordinance (Sabah Cap. 68) and the special terms as per the respective land titles.

Encumbrances : Nil

Total land area : 2,550.08 Ha

FURTHER INFORMATION ON THE PLANTATION ASSETS (CONT'D)

Age profile of the oil palm	Age profile Immature (0 to 3 years) Young mature (4 to 9 years) Prime mature (10 to 20 years) Past prime (more than 20 years) Total planted area	Ha - 124.62 1,995.90 271.98 2,392.50	% - 5.21 83.42 11.37 100.00
Estate land area	Land area Planted area Planting reserve Unplantable area Building, sites and roads Overplanted area Other reserve and grid line Total estate land area	Ha 2,392.50 - 52.64 162.33 (34.50) (22.89) 2,550.08	% 93.82 - 2.06 6.37 (1.35) (0.90) 100.00
Average production of FFB	For the FYE 30 June 2017 2016 2015	MT/Ha 3.70 8.15 10.70	
Plantation profit	For the FYE 30 June 2017 2016 2015	RM'000 3,880 2,864 4,949	
Audited net book value as at 30 June 2017	RM130,040,000 ⁽²⁾		
Market value as at 10 October 2017 ⁽³⁾	RM166,900,000		

Notes:

- (1) *PLD is the beneficial owner pursuant to the PLD SPAs.*
- (2) *Combined net book value for Sg Lokan Estate and Sg Lokan Baru Estate.*
- (3) *Based on the Valuation Reports.*

5. Sg Lokan Baru Estate

Location	Mile 72 Sungai Lokan, Sungai Lokan and Sungai Ruku Ruku, District of Labuk & Sugut, Sandakan, Sabah.			
Registered owners, title particulars and tenure of leasehold period	No. 1. 2. 3. 4. 5. 6. 7.	Title particulars CL 255326026 CL 255326017 CL 255312657 CL 255312648 CL 255319227 CL 255321709 CL 255321727	Registered Owner PLD PLD PLD PLD PLD PLD PLD	Tenure Leasehold 99 years expiring 31/12/2080 Leasehold 99 years expiring 31/12/2079 Leasehold 99 years expiring 31/12/2079 Leasehold 99 years expiring 31/12/2079 Leasehold 99 years expiring 31/12/2079 Leasehold 99 years expiring 31/12/2087 Leasehold 99 years expiring 31/12/2087
Existing use	Oil palm plantation			
Description	Cultivated with oil palm and include buildings, road facilities and other amenities			

FURTHER INFORMATION ON THE PLANTATION ASSETS (CONT'D)

List of agricultural equipment and motor vehicles	:	<table border="1"> <thead> <tr> <th>No.</th> <th>Description</th> <th>Unit</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Motor vehicles</td> <td>2</td> </tr> <tr> <td>2.</td> <td>Water bowser</td> <td>3</td> </tr> <tr> <td>3.</td> <td>Tractor</td> <td>10</td> </tr> <tr> <td>4.</td> <td>Tipping trailer</td> <td>11</td> </tr> </tbody> </table>	No.	Description	Unit	1.	Motor vehicles	2	2.	Water bowser	3	3.	Tractor	10	4.	Tipping trailer	11									
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3.	Tractor	10																								
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Category of land use	:	Agriculture																								
Restriction in interest	:	Nil																								
Special terms	:	Subject to the provisions and conditions contained in the Land Ordinance (Sabah Cap. 68) and the special terms as per the respective land titles.																								
Encumbrances	:	Nil																								
Total land area	:	1,888.95 Ha																								
Age profile of the oil palm	:	<table border="1"> <thead> <tr> <th>Age profile</th> <th>Ha</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Immature (0 to 3 years)</td> <td>60.00</td> <td>3.83</td> </tr> <tr> <td>Young mature (4 to 9 years)</td> <td>-</td> <td>-</td> </tr> <tr> <td>Prime mature (10 to 20 years)</td> <td>1,507.00</td> <td>96.17</td> </tr> <tr> <td>Past prime (more than 20 years)</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total planted area</td> <td>1,567.00</td> <td>100.00</td> </tr> </tbody> </table>	Age profile	Ha	%	Immature (0 to 3 years)	60.00	3.83	Young mature (4 to 9 years)	-	-	Prime mature (10 to 20 years)	1,507.00	96.17	Past prime (more than 20 years)	-	-	Total planted area	1,567.00	100.00						
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2016	8.03																									
2015	8.60																									
Plantation profit	:	<table border="1"> <thead> <tr> <th>For the FYE 30 June</th> <th>RM'000</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>3,699</td> </tr> <tr> <td>2016</td> <td>1,679</td> </tr> <tr> <td>2015</td> <td>1,422</td> </tr> </tbody> </table>	For the FYE 30 June	RM'000	2017	3,699	2016	1,679	2015	1,422																
For the FYE 30 June	RM'000																									
2017	3,699																									
2016	1,679																									
2015	1,422																									
Audited net book value as at 30 June 2017	:	RM130,040,000 ⁽¹⁾																								
Market value as at 10 October 2017 ⁽²⁾	:	RM115,100,000																								

Notes:

(1) Combined net book value for Sg Lokan Estate and Sg Lokan Baru Estate.

(2) Based on the Valuation Reports.

FURTHER INFORMATION ON THE REGISTERED OWNERS

Further information on the Registered Owners other than PLD are set out below:

(i) MSB

MSB was incorporated in Malaysia under the Act on 26 March 1980 as a private limited company. MSB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of MSB comprising 3,000 ordinary shares.

The existing directors of MSB are Yap Wee Chun and Ng Ju Siong.

(ii) LESB

LESB was incorporated in Malaysia under the Act on 20 August 1981 as a private limited company. LESB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of LESB comprising 3 ordinary shares.

The existing directors of LESB are Yap Wee Chun and Ng Ju Siong.

(iii) TPSB

TPSB was incorporated in Malaysia under the Act on 5 September 1981 as a private limited company. TPSB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of TPSB comprising 3 ordinary shares.

The existing directors of TPSB are Yap Wee Chun and Ng Ju Siong.

(iv) LSB

LSB was incorporated in Malaysia under the Act on 20 August 1981 as a private limited company. LSB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of LSB comprising 3 ordinary shares.

The existing directors of LSB are Yap Wee Chun and Ng Ju Siong.

(v) LAJSB

LAJSB was incorporated in Malaysia under the Act on 20 August 1981 as a private limited company. LAJSB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of LAJSB comprising 3 ordinary shares.

The existing directors of LAJSB are Yap Wee Chun and Ng Ju Siong.

FURTHER INFORMATION ON THE REGISTERED OWNERS (CONT'D)

(vi) MPSB

MPSB was incorporated in Malaysia under the Act on 7 May 1980 as a private limited company. MPSB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of MPSB comprising 3 ordinary shares.

The existing directors of MPSB are Yap Wee Chun and Ng Ju Siong.

(vii) TESB

TESB was incorporated in Malaysia under the Act on 6 August 1981 as a private limited company. TESB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of TESB comprising 3 ordinary shares.

The existing directors of TESB are Yap Wee Chun and Ng Ju Siong.

(viii) Telupid

Telupid was incorporated in Malaysia under the Act on 20 August 1981 as a private limited company. Telupid is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of Telupid comprising 3 ordinary shares.

The existing directors of Telupid are Yap Wee Chun and Ng Ju Siong.

(ix) LPSB

LPSB was incorporated in Malaysia under the Act on 23 July 1981 as a private limited company. LPSB is a wholly-owned subsidiary of DPSB, which in turn is a wholly-owned subsidiary of DutaLand. It is presently a dormant company.

As at the LPD, the total issued shares of LPSB comprising 3 ordinary shares.

The existing directors of LPSB are Yap Wee Chun and Ng Ju Siong.