



Plantations

BOUSTEAD PLANTATIONS BERHAD^{1245-M}
(A member of Boustead Group)

NEWS RELEASE

Boustead Plantations Set to Invest RM397 Million In Sabah Land Acquisition

KUALA LUMPUR, August 1, 2018 – Boustead Plantations Berhad (BPB) entered into a sales and purchase agreement today for the acquisition of approximately 4,900 hectares (ha) of oil palm plantation land in Sabah, inclusive of a 75-metric tonne (MT) per hour palm oil mill.

The purchase consideration for the land is RM397 million, derived at on a willing-buyer willing-seller basis after taking into consideration the market value of the land as appraised by independent valuers. The land will be acquired by BPB's wholly-owned subsidiary, Boustead Rimba Nilai Sdn Bhd.

A Boustead Plantations Berhad spokesperson said, "This latest proposed acquisition represents a viable opportunity for the Group to replace its disposals in Peninsular Malaysia with sizable plantation land in Sabah at a lower cost, in line with its long-term strategy to expand its plantation land bank."

Upon completion, BPB's total plantation land bank will increase by 5% from approximately 93,400 ha to 98,300 ha. This represents a 6% increase in total planted area from 75,000 ha to 79,400 ha.

"Moreover, the land is located within close proximity to BPB's existing Sabah estates which will enable the Group to achieve greater economies of scale and operational efficiencies, as well as strengthen the Group's market presence in Sabah. The proposed acquisition also includes a palm oil mill, which will reduce capital

expenditure for the Group on the construction cost of a new mill. Looking ahead, BPB plans to scale up the capacity of the mill from 75 MT per hour to 90 MT per hour,” added the BPB spokesperson.

BPB is confident that this will contribute positively to the future earnings and financial performance of the Group.

The proposed acquisition is expected to be completed by the first quarter of 2019, subject to completion of the conditions precedent. Affin Hwang Investment Bank Berhad is the principal adviser to BPB for the acquisition.

Forward looking statements

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Boustead Plantations Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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Issued on behalf of: Boustead Plantations Berhad By: acorn communications sdn bhd For more details, please contact Zamani Wisam at 012 350 7604 or Yasmin Kadir at 017 237 9048 Or 03 7958 8348 or email acorncommunications@acornco.com.my
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