Prospectus

Plantations

BOUSTEAD PLANTATIONS BERHAD

(Company No.: 1245-M)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 656,000,000 ORDINARY SHARES OF RM0.50 EACH IN BOUSTEAD PLANTATIONS BERHAD ("BPB") ("IPO SHARES") COMPRISING AN OFFER FOR SALE OF UP TO 76,000,000 EXISTING BPB SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 580,000,000 NEW BPB SHARES ("ISSUE SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE 1,600,000,000 ORDINARY SHARES OF RM0.50 EACH IN BPB ("BPB SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD IN THE FOLLOWING MANNER:

A. THE INSTITUTIONAL OFFERING OF UP TO 163,570,500 IPO SHARES COMPRISING UP TO 29,000,000 OFFER SHARES AND 134,570,500 ISSUE SHARES TO MALAYSIAN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INSTITUTIONAL AND SELECTED INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND

B. THE RETAIL OFFERING OF UP TO 492,429,500 IPO SHARES COMPRISING UP TO 47,000,000 OFFER SHARES AND 445,429,500 ISSUE SHARES TO:

   (I) ENTITLED UNITHOLDERS OF AL-HADHARAH BOUSTEAD REIT ("BREIT") (AS DEFINED HEREIN) PURSUANT TO THE RESTRICTED BREIT OFFERING (AS DEFINED HEREIN);

   (II) ENTITLED SHAREHOLDERS OF BOUSTEAD HOLDINGS BERHAD ("BHB") (AS DEFINED HEREIN) PURSUANT TO THE RESTRICTED BHB OFFERING (AS DEFINED HEREIN);

   (III) ELIGIBLE DIRECTORS AND EMPLOYEES OF BPB AND ITS SUBSIDIARIES ("BPB GROUP") AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE BPB GROUP, ELIGIBLE DIRECTORS AND EMPLOYEES OF BHB AND SPECIFIED DIRECTORS OF SELECTED SUBSIDIARIES OF BHB; AND

   (IV) MALAYSIAN PUBLIC (AS DEFINED HEREIN),

   AT THE RETAIL PRICE OF RM1.60 PER IPO SHARE ("RETAIL PRICE"),

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND OVER-ALLOTMENT OPTION AS SET OUT IN THIS PROSPECTUS.

THE RETAIL PRICE IS PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO A REFUND OF THE DIFFERENCE IN THE EVENT THAT THE FINAL RETAIL PRICE (AS DEFINED HEREIN) IS LESS THAN THE RETAIL PRICE. THE FINAL RETAIL PRICE WILL EQUAL THE INSTITUTIONAL PRICE, SUBJECT TO THE FINAL RETAIL PRICE NOT EXCEEDING THE RETAIL PRICE.

Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Managing Underwriter and Joint Underwriter

AFFIN INVESTMENTBANK

AFFIN Investment Bank Berhad (9999-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Global Coordinators and Joint Bookrunners

Maybank Investment Bank

Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

CREDIT SUISSE

Credit Suisse Securities (Malaysia) Sdn Bhd
(Company No.: 499609-H)

Joint Bookrunners and Joint Underwriters

AmInvestment Bank Berhad
(Company No.: 23742-V)

CIMB Investment Bank Berhad
(Company No.: 18417-M)

Joint Underwriters

HwangDBS Investment Bank Berhad
(Company No.: 14389-U)

Maybank Investment Bank Berhad
(Company No.: 15938-H)

RHB Investment Bank Berhad
(Company No.: 19663-P)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISKS RELATING TO AN INVESTMENT IN THE IPO SHARES WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS DATED 27 MAY 2014

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Glossary of Abbreviations and Acronyms" and "Glossary of Technical Terms" commencing on pages viii, xii and xxiv, respectively.

Our Directors, the Promoter and the Selling Shareholder have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after making all reasonable enquiries and, to the best of their knowledge and belief, there is no false or misleading statement or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

AFFIN Investment, being the Principal Adviser in relation to our IPO, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts in connection with our IPO.

The SC has approved our IPO and a copy of this Prospectus has been registered with the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment.

The SC is not liable for any non-disclosure on our part in this Prospectus. The SC also takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss that you may suffer as a result of your reliance on the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR SHARES.

Our Company has obtained the approval of Bursa Securities for the listing of and quotation for the entire 1,600,000,000 BPB Shares. Our admission to the Official List is not to be taken as an indication of the merits of our IPO, our Company or our Shares. This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

A copy of this Prospectus together with the application forms have also been lodged with the Registrar of Companies Malaysia, who takes no responsibility for their contents.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, Section 249 and Section 357 of the CMSA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO for which any of the persons set out in Section 236 of the CMSA, *e.g.* our Directors and advisers, are responsible.

Our Shares are classified as Shariah-compliant by the SAC of the SC based on our latest audited financial information for the FYE 31 December 2013. This classification remains valid from the date of this Prospectus until the next Shariah compliance review to be undertaken by the SAC of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You should not take the agreement by the Managing Underwriter and the Joint Underwriters named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, the Promoter, the Selling Shareholder, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, the Promoter, the Selling Shareholder, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters or any of their respective directors, or any other persons involved in our IPO.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, the Promoter, the Selling Shareholder, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit any offering of our Shares based on this Prospectus or the distribution of this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Propsectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection therewith.

However, we reserve the right in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. You may obtain a copy of the Electronic Prospectus from the website of AFFIN Bank Berhad at www.affinOnline.com, AFFIN Investment Bank Berhad at www.affintrade.com, CIMB Investment Bank Berhad at www.eipocimb.com, CIMB Bank Berhad at www.cimbclicks.com.my, Malayan Banking Berhad at www.maybank2u.com.my, RHB Bank Berhad at www.rhb.com.my and Public Bank Berhad at www.pbebank.com.

The Internet is not a fully secure medium. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

(i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, file or other material provided by the Third-Party Internet Sites; and

(iii) any data, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

(a) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties; and

(b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The following events have taken place/are intended to take place on the following indicative dates:

Event	Time and/or date
BREIT Entitlement Date	5:00 p.m., 30 December 2013
BHB Entitlement Date	5:00 p.m., 23 May 2014
Opening of the Institutional Offering	27 May 2014
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 27 May 2014
Closing of acceptance, application and payment for the Restricted Offering	5:00 p.m., 11 June 2014
Closing of the Retail Offering/ Institutional Offering	5:00 p.m., 11 June 2014
Price Determination Date	11 June 2014
Balloting of applications for the IPO Shares under the Retail Offering	16 June 2014
Allotment/Transfer of the IPO Shares to successful applicants	24 June 2014
Listing	26 June 2014

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the IPO Shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors and the Managing Underwriter may decide in their absolute discretion.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting of applications for the IPO Shares under the Retail Offering, allotment/transfer of the IPO Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

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TABLE OF CONTENTS

TABLE OF CONTENTS *(Cont'd)*

TABLE OF CONTENTS *(Cont'd)*

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" and "BPB" in this Prospectus are to Boustead Plantations Berhad. All references to "BPB Group" and "our Group" in this Prospectus are to our Company and our subsidiaries taken as a whole and all references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Company.

In this Prospectus, all references to "BHB", the "Promoter" and the "Selling Shareholder" are to Boustead Holdings Berhad.

In this Prospectus, all references to "Government" are to the Government of Malaysia and all references to "RM" and "sen" are to the lawful currency of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the "Glossary of Abbreviations and Acronyms" section and technical terms used herein are defined in the "Glossary of Technical Terms" section appearing after this section. Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

All references to dates and times are references to dates and times in Malaysia, unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate and our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the Executive Summary of the IMR Report prepared by Smith Zander as included in Section 8 of this Prospectus. In addition, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Smith Zander whom we have appointed to provide an independent market and industry review for inclusion in this Prospectus. The IMR Report is available for inspection at the location and during the period as set out in Section 15.8 of this Prospectus. In compiling its data for the review, Smith Zander had relied on industry sources, published materials, their own private databases and direct contacts within the industry. The information on the industry as contained in this Prospectus and the other statistical data and projections cited in this Prospectus is intended to help prospective investors understand the major trends in the industry in which we operate. However, we, the Promoter, the Selling Shareholder, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter, the Joint Underwriters and their respective advisers have not independently verified these figures. Neither our Company nor the Promoter, the Selling Shareholder, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter, the Joint Underwriters and their respective advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, prospective investors should not place undue reliance on the statistical data cited in this Prospectus. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurance can be given that the estimated figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our websites or any website directly or indirectly linked to such websites does not form part of this Prospectus and should not be relied on.

All references to the "LPD" in this Prospectus are to 15 April 2014, being the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION *(Cont'd)*

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the FRS, the IFRS and the MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the FRS, IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the FRS, the IFRS or the MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company (on the assumption that they are derived consistently by the companies) by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or on companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-FRS, non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the FRS, the IFRS and the MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained herein.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Group for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) the demand for our products and general industry environment;

(ii) our strategies, trends and competitive position;

(iii) our future financial position, earnings, cash flows and liquidity;

(iv) our future overall business development and operations and maintenance plan;

(v) potential growth opportunities;

(vi) the future demand for our services and general industry environment; and

(vii) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(a) the general economic, business, social, political and investment environment in Malaysia and globally;

(b) government policy, legislation or regulation;

(c) interest rates and tax rates;

(d) the competitive environment in the industry in which we operate;

(e) delays, cost overruns, shortages in labour or problems with the execution of our expansion plans;

(f) fixed and contingent obligations and commitments;

(g) the continued availability of capital and financing;

(h) the cost and availability of adequate insurance coverage;

(i) any other factors beyond our control; and

(j) liability for remedial actions under environmental and/or health and safety regulations.

FORWARD-LOOKING STATEMENTS *(Cont'd)*

Additional factors that could cause our actual results, performance or achievements to differ materially include, without limitation, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

Save as required by Section 238(1) of the CMSA and Paragraph 1.02 of the Prospectus Guidelines – Supplementary/Replacement Prospectus, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard to such statement or any change in events, conditions or circumstances on which any such statement is based.

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Acquisition	:	Acquisition of two parcels of oil palm plantation lands held under CL115345401 and CL115378115, respectively, in the district of Lahad Datu, Sabah, measuring approximately in total 2,409.8 Ha for a total cash consideration of RM184,596,825
Act	:	Companies Act, 1965, currently in force and as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
AFFIN Holdings	:	AFFIN Holdings Berhad
AFFIN Investment	:	AFFIN Investment Bank Berhad
AGM	:	Annual General Meeting
Amended Trust Deed	:	Amended trust deed dated 5 December 2013 between BREIT Managers and CIMB Trustee
Amendments	:	The amendments to the relevant clauses in the Trust Deed for the implementation of the SUR Exercise and conversion of BREIT to a private property trust with our Company being its sole beneficiary
Application Form	:	Application form for the application of the IPO Shares under the Retail Offering accompanying this Prospectus
Articles	:	Articles of Association of our Company, as amended from time to time
ATM	:	Automated teller machine
Board	:	Board of Directors of our Company
BPB or Company	:	Boustead Plantations Berhad
BPB Group or Group	:	Collectively, BPB and its subsidiaries
BPB Shares or Shares	:	Ordinary shares of RM0.50 each in the Company
BHB	:	Boustead Holdings Berhad
BHB Entitlement Date	:	5:00 p.m. on 23 May 2014, being the time and date on which the Entitled Shareholders of BHB must be registered as a member and whose names appear in the Record of Depositors of BHB
BHB Group	:	Collectively, BHB and its subsidiaries
BHB Shares	:	Ordinary shares of RM0.50 each in BHB
Bonus Shares	:	New BPB Share to be issued and credited as fully paid-up pursuant to the Bonus Issue

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Bonus Issue	:	Bonus issue involving the issuance of 770,957,234 Bonus Shares on the basis of approximately 3.1 Bonus Shares for every 1 BPB Share which was completed on 7 April 2014
BREIT Entitlement Date	:	5:00 p.m. on 30 December 2013, being the time and date on which the Entitled Unitholders of BREIT were registered as a Unitholder of BREIT and whose names appeared in the Record of Depositors of BREIT
BREIT Managers	:	Boustead REIT Managers Sdn Bhd
BREIT Privatisation	:	Privatisation of BREIT via the SUR, Special Dividend and the amendments to the relevant clauses in the Trust Deed for the purpose of facilitating and implementing the SUR Exercise and converting BREIT from a collective investment scheme to a private property trust, which was completed on 30 January 2014, and consequently, the removal of the Units from the Official List pursuant to paragraph 16.07(b) of the Bursa Securities LR, which was completed on 19 February 2014
Bursa Depository or Central Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Bursa Securities LR	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
B Segaria	:	Boustead Segaria Sdn Bhd
capex	:	capital expenditure
CCC	:	Certificate of fitness for occupation or certificate of completion and compliance issued by the local authorities
CDS	:	Central Depository System
CIMB Trustee	:	CIMB Islamic Trustee Berhad
CMSA	:	Capital Markets and Services Act, 2007, currently in force and as amended from time to time and any re-enactment thereof
Directors	:	Directors of our Company
Disposal of Motor Vehicle Business	:	The disposal of an automobile dealership and selected assets and liabilities in relation to the motor vehicle business of B Emastulin to Boustead Education Network Sdn Bhd, a wholly-owned subsidiary of BHB, for a cash consideration of RM1.00
EBITDA	:	Earnings Before Interest, Taxation, Depreciation and Amortisation
EC or Energy Commission	:	Energy Commission of Malaysia, the statutory body established under the Energy Commission Act, 2001
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium, including, without limitation, CD-ROMs or floppy disks
Electronic Share Application	:	Application for the IPO Shares under the Retail Offering through a Participating Financial Institution's ATMs

Entitled Shareholders of BHB	:	All shareholders of BHB (except for the Excluded Shareholders) whose names appear in the Record of Depositors of BHB on the BHB Entitlement Date and who are eligible to apply for the Issue Shares under the Restricted BHB Offering
Entitled Unitholders of BREIT	:	All Unitholders of BREIT (except for BPB and the Excluded Unitholders) whose names appear in the Record of Depositors of BREIT on the BREIT Entitlement Date and who are eligible to apply for the Issue Shares under the Restricted BREIT Offering
EPS	:	Earnings per share
EQA	:	Environment Quality Act, 1974, currently in force and as amended from time to time and any re-enactment thereof
Equity Guidelines	:	Equity Guidelines issued by the SC, as amended from time to time
Excess Application	:	Application for additional Issue Shares in excess of the Entitled Shareholders of BHB and the Entitled Unitholders of BREIT's entitlement under the Restricted BHB Offering and the Restricted BREIT Offering, respectively
Excess Issue Shares	:	Excess Issue Shares either not applied, fully applied or validly applied for under the Restricted BHB Offering and/or Restricted BREIT Offering by the Entitled Shareholders of BHB and/or the Entitled Unitholders of BREIT, as the case may be, to be made available for the Excess Application
Excluded Shareholders or Excluded Unitholders	:	Entitled Shareholders of BHB or Entitled Unitholders of BREIT who fall into any one of the following categories as at the BHB Entitlement Date or the BREIT Entitlement Date: (i) persons with a registered address in jurisdictions outside Malaysia; (ii) persons who are bound under jurisdictions outside Malaysia in which acceptance under the Restricted Offering would result in the contravention of laws of such jurisdictions (whether in the absence of any necessary consent and/or compliance with any registration or other legal requirements or for any other reason); or (iii) persons who are, in the opinion of our Board and the Directors of BHB (on the advice of their legal adviser), necessary or expedient to be excluded from participating in the Restricted Offering by reason of legal or regulatory requirements
Final Retail Price	:	Final price per IPO Share to be paid by investors pursuant to the Retail Offering, equivalent to the Institutional Price, subject to the Final Retail Price not exceeding the Retail Price
FRS	:	Financial Reporting Standards, Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other than Private Entities
FYE	:	Financial year ended or where the context otherwise requires, financial year ending
GAAP	:	Generally Accepted Accounting Principles

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Government	:	Government of Malaysia
HACCP	:	Hazard Analysis and Critical Control Point
HSE	:	Health, Safety and Environment
IAS	:	International Accounting Standards
IFRS	:	International Financial Reporting Standards
IMR Report	:	Independent market research report prepared by Smith Zander
Initial Public Offering or IPO	:	Collectively, the Institutional Offering and the Retail Offering
Institutional Offering	:	Offering of up to 163,570,500 IPO Shares comprising up to 29,000,000 Offer Shares and 134,570,500 Issue Shares at the Institutional Price, subject to the clawback and reallocation provisions and before the Over-allotment Option, as follows: (i) 125,196,500 Issue Shares to Bumiputera investors approved by the MITI; and (ii) 9,374,000 Issue Shares and up to 29,000,000 Offer Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI)
Institutional Price	:	Price per IPO Share to be paid by investors pursuant to the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institutions	:	The participating financial institutions for Internet Share Application
Internet Share Applications	:	Application for the IPO Shares under the Retail Offering through an Internet Participating Financial Institution
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
Issue Shares	:	New Shares to be issued by our Company pursuant to the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd
Joint Bookrunners	:	Collectively, the Joint Global Coordinators, AmInvestment Bank Berhad and CIMB Investment Bank Berhad
Joint Global Coordinators	:	Collectively, AFFIN Investment, Credit Suisse Securities (Malaysia) Sdn Bhd and Maybank Investment Bank Berhad
Joint Underwriters	:	Collectively, AFFIN Investment, AmInvestment Bank Berhad, CIMB Investment Bank Berhad. HwangDBS Investment Bank Berhad, Maybank Investment Bank Berhad and RHB Investment Bank Berhad
Lands	:	The particulars of the lands, palm oil mills and estates including CCC issued in relation thereto pertaining to our Group
LCDA	:	Land Custody and Development Authority of Sarawak *(Lembaga Pembangunan dan Lindungan Tanah)*

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

LPD	:	15 April 2014, being the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of our Prospectus with the SC
Listing	:	Admission and the listing of and quotation for all of our Shares on the Main Market of Bursa Securities
Listing Scheme	:	Collectively, the Share Split, the Bonus Issue, the IPO and the Listing
LTAT	:	Lembaga Tabung Angkatan Tentera
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Managing Underwriter	:	AFFIN Investment
MAPA	:	Malayan Agricultural Producers Association
Market Day	:	Day on which Bursa Securities is open for securities trading
MDTCC	:	Ministry of Domestic Trade, Co-operatives and Consumerism
Memorandum	:	Memorandum of association of our Company, as amended
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of International Trade and Industry
MPOA	:	Malaysian Palm Oil Association
MPOB	:	Malaysian Palm Oil Board
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
NCR	:	Native customary rights
Notice of Restricted BHB Offering	:	Notice to the Entitled Shareholders of BHB for the allocation of the Issue Shares pursuant to the Restricted BHB Offering
Notice of Restricted BREIT Offering	:	Notice to the Entitled Unitholders of BREIT for the allocation of the Issue Shares pursuant to the Restricted BREIT Offering
NTA	:	Net tangible assets
NUPW	:	National Union of Plantation Workers
Offer for Sale	:	Offer for sale by the Selling Shareholder of up to 76,000,000 Offer Shares (before the Over-allotment Option)
Offer Shares	:	Existing BPB Shares to be offered by the Selling Shareholder pursuant to the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on the Bursa Securities and not removed

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Over-allotment Option	:	Over-allotment option granted by the Selling Shareholder to the Stabilising Manager (on behalf of the Placement Managers) as set out in Section 4.3.4 of this Prospectus)
Partial Disposal of Balau Estate	:	The disposal of part of the Balau Estate land measuring approximately 153.43 Ha by BPB to the following wholly-owned subsidiaries of Boustead Properties Berhad, which in turn is a wholly-owned subsidiary of BHB, for a total cash consideration of RM107.347 million: (i) lands held under GRN 50552 Lot 656 and GRN 51717 Lot 977 measuring in aggregate 15.58 Ha to Boustead Balau Sdn Bhd; and (ii) lands held under GM 1133 Lot 708, GM 1134 Lot 709, GM 1135 Lot 710, GM 1136 Lot 711, GM 1092 Lot 687, GM 1077 Lot 688, GRN 52269 Lot 932 and GRN 50551 Lot 37, GM 945 Lot 707 measuring in aggregate 137.85 Ha to U.K. Realty Sdn Bhd
Participating Financial Institutions	:	Participating financial institutions for Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Placement Agreement	:	The placement agreement to be entered into by our Company, the Selling Shareholder, the Joint Global Coordinators and the Joint Bookrunners in respect of such number of Shares to be offered under the Institutional Offering
Placement Managers	:	Joint Bookrunners
PORAM	:	Palm Oil Refiners Association of Malaysia
Price Determination Date	:	The date on which the Institutional Price and the Final Retail Price will be determined
Principal Adviser	:	AFFIN Investment
Promoter	:	BHB
Prospectus Guidelines	:	Prospectus Guidelines – Equity issued by the SC, as amended from time to time
Public Issue	:	Public issue of 580,000,000 Issue Shares by our Company
Record of Depositors	:	Record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository
REIT	:	Real Estate Investment Trust
REIT Guidelines	:	Collectively, the Guidelines on Real Estate Investment Trusts and the Guidelines for Islamic Real Estate Investment Trusts issued by the SC, as amended from time to time
Restricted BHB Offering	:	Non-renounceable restricted issue of 206,835,500 Issue Shares to the Entitled Shareholders of BHB at the Retail Price

Restricted BREIT Offering	:	Non-renounceable restricted issue of 174,594,000 Issue Shares to the Entitled Unitholders of BREIT at the Retail Price
Restricted Offering	:	Collectively, the Restricted BHB Offering and the Restricted BREIT Offering
Retail Offering	:	Offering of up to 492,429,500 IPO Shares comprising up to 47,000,000 Offer Shares and 445,429,500 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to the following: (i) Entitled Unitholders of BREIT, pursuant to the Restricted BREIT Offering; (ii) Entitled Shareholders of BHB, pursuant to the Restricted BHB Offering; (iii) eligible directors and employees of the our Group and persons who have contributed to the success of the our Group, eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB; and (iv) Malaysian Public
Retail Price	:	Initial price of RM1.60 per IPO Share to be fully paid upon application pursuant to the Retail Offering, subject to adjustment as detailed in Section 4.5.1 of this Prospectus
Retail Underwriting Agreement	:	Retail underwriting agreement dated 5 May 2014 between our Company, the Managing Underwriter and the Joint Underwriters for the underwriting of the IPO Shares under the Retail Offering
RPS	:	Redeemable preference shares
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SAC of the SC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
Selling Shareholder	:	BHB, being the party undertaking the Offer for Sale
Share Lending Agreement	:	The agreement to be entered into by the Selling Shareholder and the Stabilising Manager under which the Selling Shareholder will lend Shares to the Stabilising Manager to cover over-allotments, if any, under the Over-allotment Option
Share Registrar	:	Boustead Management Services Sdn Bhd
Share Split	:	Share split involving the subdivision of every existing ordinary share of RM1.00 each held in our Company into two BPB Shares prior to the Bonus Issue
SICDA	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
Smith Zander	:	Smith Zander International Sdn Bhd, an independent market researcher

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Special Dividend	:	The special gross dividend of RM0.16 for each Unit that was paid to the Unitholders of BREIT (including our Company) whose names appeared on the Record of Depositors of BREIT on the BREIT Entitlement Date
Special Registrar for the Restricted BHB Offering and Restricted BREIT Offering	:	Tricor Investor Services Sdn Bhd
Stabilising Manager	:	AFFIN Investment
Supplemental Trust Deed	:	The supplemental trust deed dated 30 January 2014 between BREIT Managers and CIMB Trustee
SUR	:	Selective unit redemption
SUR Exercise	:	The selective unit redemption exercise undertaken by BREIT of all Units that were held by the Unitholders of BREIT (except for BPB) for the SUR Offer Price and paid to such Unitholders of BREIT whose names appeared on the Record of Depositors of BREIT on the BREIT Entitlement Date
SUR Offer Price	:	RM1.94 for each Unit, being the redemption price which was paid to the Unitholders of BREIT pursuant to the SUR Exercise
Trust Deed	:	Trust deed dated 11 December 2006 between BREIT Managers and CIMB Trustee as supplemented by the amended and restated trust deed dated 3 September 2009, the Amended Trust Deed and the Supplemental Trust Deed
Undertaking Letters	:	Undertaking letters dated 28 April 2014 and 22 April 2014 from LTAT and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin, respectively, for the subscription of the Issue Shares under the Restricted BREIT Offering and the Restricted BHB Offering
Unit	:	Undivided interest in BREIT
Unitholder of BREIT	:	Holder of Units
U.S. or United States	:	United States of America, its territories and possessions, any state of the United States and the District of Columbia

Plantation estates and palm oil mills owned, co-owned and leased by our Group

Balau Estate	:	Oil palm plantation estate owned by BPB comprising 26 titles in Mukim Semenyih and Mukim Beranang, all located within Daerah Ulu Langat, Selangor
Batu Pekaka Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising nine titles in Bandar Kuala Ketil and Mukim Tawar, all located within Daerah Baling, Kedah
Bawan Estate	:	Oil palm plantation estate developed by B Kanowit comprising part of parcels of NCR lands known as Block B1 and Block D in the Locality of Sibu and Kanowit Districts of the Sibu Division, Sarawak
Bebar Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising three titles in Mukim Keratong, all located within Daerah Rompin, Pahang

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Bekoh Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising one title in Mukim Tangkak, all located within Daerah Ledang, Johor
Boustead Sedili Estate	:	Oil palm plantation estate owned by Permodalan Darul Ta'zim Sdn Bhd comprising one title in Mukim Ulu Sungei Sedeli Besar within Daerah Kota Tinggi, Johor
Bukit Limau Estate	:	Oil palm plantation estate owned by B Tinjar comprising six titles in the Locality of Long Teru, Sungai Teru, Tinjar, Baram and Locality of Batang Tinjar, Baram, all located within District of Tinjar Land, Sarawak
Bukit Mertajam Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising 46 titles in Pekan Karangan, Bandar Kulim, Pekan Sungai Kob, Mukim Karangan and Mukim Padang China, all located within Daerah Kulim, Kedah
Bukit Segamaha Estate and Sungai Segamaha Estate	:	Oil palm plantation estate owned by B Rimba Nilai comprising one title in the Locality of Tenagang-Koyah, all located within the District of Lahad Datu, Sabah
Chamek Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising five titles in Mukim Paloh and Mukim Nyior, all located within Daerah Kluang, Johor
Eldred Estate	:	Oil palm plantations estates owned by B Eldred comprising seven titles in Mukim Bekok, all located within Daerah Segamat, Johor
G&G Estate	:	Oil palm plantation estate owned by B Rimba Nilai, comprising two titles in the Locality of Tenegang-Koyah and Locality of Ulu Segama, which both located within the District of Lahad Datu, Sabah
Jih Estate	:	Oil palm plantation estate developed by B Kanowit comprising part of parcels of NCR lands known as Block B1 and Block D in the vicinity of Sibu and Kanowit Districts of the Sibu Division, Sarawak
Kanowit Palm Oil Mill	:	Palm oil mill with a production capacity of 60 MT per hour owned by B Kanowit Oil Mill, located in Jih Estate
Kawananan Estate	:	Oil palm plantation estate owned by Zulkiffli bin Wan Ibrahim comprising 599 titles in the Locality of Sungai Kawananan, Sungai Sugut and Sungai Paitan, all located within the Districts of Labuk and Sugut and Beluran, Sabah
Kedah Oil Palm Estate	:	Oil palm plantation estate owned by B Solandra comprising 17 titles in Mukim Karangan, Pekan Karangan, Mukim Padang China and Bandar Kulim, all located within Daerah Kulim, Kedah
Kelimut Estate	:	Oil palm plantation estate developed by B Kanowit comprising part of parcels of lands known as Block B1 and Block D in the vicinity of Sibu and Kanowit Districts of the Sibu Division, Sarawak
Kuala Muda Estate	:	Oil palm plantation estate owned by BPB and Felda Holdings Berhad, as well as BPB and FELDA Marketing Services Sdn Bhd comprising 11 titles in Bandar Sungai Petani, Mukim Sidam Kiri and Mukim Sungai Petani, all located within Daerah Kuala Muda, Kedah
Kulai Young Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising four titles in Mukim Kulai, all located within Daerah Kulaijaya, Johor

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Lembah Paitan Estate	:	Oil palm plantation estate owned by Zulkiffli bin Wan Ibrahim comprising 292 titles in the Locality of Sungai Paitan, Labuk and Sugut and Beluran, located within the Districts of Sungai Paitan and Lubang Buaya, Sabah
Lepan Kabu Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising 11 titles in Mukim Kuala Pahi and Mukim Manek Urai, all located within Jajahan Kuala Krai, Kelantan
Lepan Kabu Palm Oil Mill	:	Palm oil mill with a production capacity of 20 MT per hour owned by CIMB Trustee, who holds in trust for BPB, located in Lepan Kabu Estate
Loagan Bunut Estate	:	Oil palm plantation estate owned by B Tinjar comprising six titles in the Locality of Long Tuyot, Batang Tinjar, Tinjar, Baram, all located within the District of Tinjar Land, Sarawak
Loagan Bunut Palm Oil Mill	:	Palm oil mill with a production capacity of 45 MT per hour owned by B Tinjar, located in Loagan Bunut Estate
Malakoff Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising 26 titles in Mukim 06, Mukim 12 and Mukim 13, all located within Daerah Seberang Perai Utara, Pulau Pinang
Malaya Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising 64 titles in Mukim Hulu Ijok and Mukim Selama, all located within Daerah Selama, Perak
Maong Estate	:	Oil palm plantation estate developed by B Kanowit comprising part of parcels of lands known as Block B1 and Block D in the vicinity of Sibu and Kanowit Districts of the Sibu Division, Sarawak
Mapai Estate	:	Oil palm plantation estate developed by B Kanowit comprising part of parcels of lands known as Block B1 and Block D in the vicinity of Sibu and Kanowit Districts of the Sibu Division, Sarawak
Nak Estate	:	Oil palm plantation estate owned by B Gradient comprising 11 titles in the Locality of Samawang, Block 30A, SPS and Sg Tendok, all located within the District of Sandakan, Sabah
Nak Palm Oil Mill	:	Palm oil mill with a production capacity of 40 MT per hour owned by B Gradient, located in Nak Estate
Pedai Estate	:	Oil palm plantation estate developed by B Kanowit comprising part of parcels of lands known as Block B1 and Block D in the vicinity of Sibu and Kanowit Districts of the Sibu Division, Sarawak
Resort Estate	:	Oil palm plantation estate owned by Thai Hong Hang (Sabah) Sdn Bhd comprising one title in the Locality of Ulu Sapa Paya, all located within the District of Labuk/Sugut, Sabah
Rimba Nilai Palm Oil Mill	:	Palm oil mill with a production capacity of 40 MT per hour owned by B Rimba Nilai, located in Sungai – Sungai 1 Estate
Segamaha Palm Oil Mill	:	Palm oil mill with a production capacity of 60 MT per hour owned by B Rimba Nilai, located in Sungai Segamaha Estate
Segaria Estate	:	Oil palm plantation estate owned by B Emastulin comprising three titles in the Locality of Kalumpang, all located within the District of Semporna, Sabah

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Segaria Palm Oil Mill	:	Palm oil mill with a production capacity of 30 MT per hour owned by B Emastulin, located in Segaria Estate
Solandra Estate	:	Oil palm plantation estate owned by B Solandra comprising six titles in Mukim Jerangau, all located within Daerah Dungun, Terengganu
Stothard Estate	:	Oil palm plantation estate owned by B Solandra comprising six titles in Mukim Tawar, all located within Daerah Baling, Kedah
Sugut Estates	:	Collectively, Lembah Paitan Estate, Kawananan Estate, Sungai - Sungai 1 Estate and Sungai - Sungai 2 Estate
Sungai - Sungai 1 Estate	:	Oil palm plantation estate owned by Zulkiffli bin Wan Ibrahim, Jamil bin Laiman and B Trunkline comprising 527 titles in Kampung Timbulus Sugut, Kampung Sukang and Sungai Sugut, located within Beluran and Labuk and Sugut, Sabah
Sungai - Sungai 2 Estate	:	Oil palm plantation estate owned by Zulkiffli bin Wan Ibrahim, Jamil bin Laiman and B Trunkline comprising 396 titles in Sungai Sugut, Kg Talidusan and Sungai-Sungai Sugut located within District of Beluran, Labuk and Sugut, Sabah
Sungai Jernih Estate	:	Oil palm plantation estate owned by B Rimba Nilai comprising two titles in Mukim Bebar, all located within Daerah Pekan, Pahang
Sungai Jernih Palm Oil Mill	:	Palm oil mill with a production capacity of 30 MT per hour owned by B Rimba Nilai, located in Sungai Jernih Estate
Sungai Lelak Estate	:	Oil palm plantation estate owned by B Tinjar comprising one title in the Locality of Long Teru, Sungai Teru, Tinjar, Baram all located within the District of Tinjar Land, Sarawak
Sutera Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising two titles in the Locality of Segaliud, all located within the District of Sandakan, Sabah
Tabung Tentera Sabah Estate	:	Oil palm plantation estate owned by B Emastulin comprising one title in Bandar Sungai Pin, located within Daerah Kinabatangan, Sabah
Tabung Tentera Terengganu Estate	:	Oil palm plantation estate owned by B Rimba Nilai comprising four titles in Mukim Tebak and Mukim Bandi, all located within Daerah Kemaman, Terengganu
Taiping Rubber Plantation Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising 19 titles in Mukim Bukit Gandang and Mukim Terung, all located within Daerah Larut and Matang, Perak
Telok Sengat Estate	:	Oil palm plantation estate owned by CIMB Trustee, who holds in trust for BPB, comprising 66 titles in Mukim Johor Lama, all located within Daerah Kota Tinggi, Johor
Telok Sengat Palm Oil Mill	:	Palm oil mill with a productive capacity of 30 MT per hour owned by CIMB Trustee, who holds in trust for BPB, located in Telok Sengat Estate
Trong Palm Oil Mill	:	Palm oil mill with a productive capacity of 60 MT per hour owned by CIMB Trustee, who holds in trust of BPB, located in Taiping Rubber Plantation Estate

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Currencies

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
IDR	:	Indonesian Rupiah, the lawful currency of Indonesia
USD	:	United States Dollar, the lawful currency of the United States

Subsidiaries

B Eldred	:	Boustead Eldred Sdn Bhd
B Emastulin	:	Boustead Emastulin Sdn Bhd
B Gradient	:	Boustead Gradient Sdn Bhd
B Kanowit	:	Boustead Pelita Kanowit Sdn Bhd
B Kanowit Oil Mill	:	Boustead Pelita Kanowit Oil Mill Sdn Bhd
B Rimba Nilai	:	Boustead Rimba Nilai Sdn Bhd
B Sedili	:	Boustead Sedili Sdn Bhd
B Silasuka	:	Boustead Silasuka Sdn Bhd
B Solandra	:	Boustead Solandra Sdn Bhd
B Sungai Manar	:	Boustead Sungai Manar Sdn Bhd
B Sutera	:	Boustead Sutera Sdn Bhd
B Telok Sengat	:	Boustead Telok Sengat Sdn Bhd
B Tinjar	:	Boustead Pelita Tinjar Sdn Bhd
B Trunkline	:	Boustead Trunkline Sdn Bhd
BACS	:	Boustead Advisory and Consultancy Services Sdn Bhd
BASEA	:	Boustead-Anwarsyukur Estate Agency Sdn Bhd
BEA	:	Boustead Estates Agency Sdn Bhd
Bounty Crop	:	Bounty Crop Sdn Bhd
BREIT	:	Al-Hadharah Boustead REIT

Associates

AA Research	:	Advanced Agriecological Research Sdn Bhd
AA Resources	:	Applied Agricultural Resources Sdn Bhd
PT AARI	:	PT Applied Agricultural Resources Indonesia
PT AAR Nusantara	:	PT Applied Agricultural Resources Nusantara

GLOSSARY OF TECHNICAL TERMS

CAGR	:	Compound Annual Growth Rate
CPKO	:	Crude Palm Kernel Oil, which is the oil extracted from the kernel of the oil palm fruit
CPO	:	Crude Palm Oil, which is the oil extracted from the fibrous outer layer (mesocarp) of the oil palm fruit
EFB	;	Empty Fruit Bunches, which is the leftover fibrous material after the extraction of oil palm fruits from FFB
FFB	:	Fresh Fruit Bunches, which is the oil palm fruits which grow in bunches on oil palm trees, from which CPO, PK and CPKO are obtained
ft	:	A foot
GDP	:	Gross Domestic Product
GIS	:	Geographical Information Systems
GPS	:	Global Positioning System
Ha	:	Hectare
KER	:	Kernel Extraction Rate
kg	:	kilogramme
MIS	:	Management Information System
MT	:	Metric Tonne
OER	:	Oil Extraction Rate
PK	:	Palm Kernel
PKO	:	Palm Kernel Oil
POME	:	Palm Oil Mill Effluent
Ramet	:	Ramets are identical oil palm offsprings produced through the cloning of an original productive palm using the tissue culture method. Cloning is the process of producing populations of genetically identical individuals through a number of cloning techniques such as gene cloning or reproductive cloning. A single ramet is one genetically identical individual of the cloned palm
RSPO	:	Roundtable on Sustainable Palm Oil, which is a not-for-profit association of palm oil industry stakeholders (oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation non-governmental organisations and social or developmental non-governmental organisations) which was formed in 2004 to promote the growth and use of sustainable oil palm products through credible global standards and engagement of its stakeholders
SPO	:	Sludge Palm Oil
sq ft	:	square foot
sq metre	:	square metre
UAV	:	Unmanned Aerial Vehicles

1. CORPORATE DIRECTORY

DIRECTORS

Name	Nationality	Address	Profession
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R) *(Non-Independent Non-Executive Chairman)*	Malaysian	No. 6, Lorong 2C Taman Sri Ukay Ulu Kelang 68000 Kuala Lumpur Malaysia	Company Director
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin *(Non-Independent Non-Executive Vice Chairman)*	Malaysian	No. 124, Jalan Athinahapan 1 Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia	Company Director
Datuk Zakaria bin Sharif *(Non-Independent Non-Executive Director)*	Malaysian	No. 8, Jalan PJU 7/20 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director
Dato' Mohzani bin Datuk Dr. Abdul Wahab *(Senior Independent Non-Executive Director)*	Malaysian	No. 39, Jalan Puncak Kiara Utama Kiara View Sri Hartamas 50480 Kuala Lumpur Malaysia	Company Director
Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P. *(Independent Non-Executive Director)*	Malaysian	No. 96, Persiaran Desa Ampang 3 Taman Sri Ampang 68000 Ampang Selangor Darul Ehsan Malaysia	Company Director
Dr. Raja Abdul Malek bin Raja Jallaludin *(Independent Non-Executive Director)*	Malaysian	No. 21, Jalan Laksamana 12/1 Section 12 40100 Shah Alam Selangor Darul Ehsan Malaysia	Company Director

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1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Mohzani bin Datuk Dr. Abdul Wahab	Chairman	Senior Independent Non-Executive Director
Datuk Zakaria bin Sharif	Member	Non-Independent Non-Executive Director
Dr. Raja Abdul Malek bin Raja Jallaludin	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Mohzani bin Datuk Dr. Abdul Wahab	Chairman	Senior Independent Non-Executive Director
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)	Member	Non-Independent Non-Executive Director
Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P.	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)	Chairman	Non-Independent Non-Executive Chairman
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	Member	Non-Independent Non-Executive Vice Chairman
Dr. Raja Abdul Malek bin Raja Jallaludin	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARY	:	Nor Azrina binti Zakaria (LS 0009161) No. 6, Jalan Koop Cuepacs 3F Taman Cuepacs Batu 9 43200 Cheras Kuala Lumpur Malaysia
REGISTERED OFFICE	:	28th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2141 9044 Fax No.: +603 2141 9750
MANAGEMENT OFFICE	:	10th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2145 2121 Fax No.: +603 2141 1690 Website address: http://www.bousteadplantations.com.my E-mail address: corporate.office@bousteadplantations.com.my
SELLING SHAREHOLDER	:	Boustead Holdings Berhad 28th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2141 9044 Fax No.: +603 2141 9750
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 7495 8000
LEGAL ADVISERS	:	*To our Company as the solicitors for the IPO* Albar & Partners 6th Floor, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No.: +603 2078 5588
	:	*To our Company as the solicitors for land matters* Azzat & Izzat No. 32, Jalan PJU 7/16 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No.: +603 7725 6050
	:	*To the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters as to Malaysia law* Kadir, Andri & Partners Level 10 Menara BRDB 285 Jalan Maarof Bukit Bandaraya 59000 Kuala Lumpur Malaysia Tel. No.: +603 2780 2888

1. CORPORATE DIRECTORY *(Cont'd)*

PRINCIPAL BANKERS *(in alphabetical order)*	:	AFFIN Islamic Bank Berhad Menara Affin 80, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2055 9000
	:	Alliance Islamic Bank Berhad Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Malaysia Tel No.: +603 2694 8800
	:	Hong Leong Bank Berhad Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Malaysia Tel. No.: +603 2164 2828
	:	HSBC Bank Malaysia Bhd 2, Leboh Ampang 50100 Kuala Lumpur Malaysia Tel. No.: +603 2070 0744
	:	OCBC Bank (Malaysia) Bhd Head Office Menara OCBC 18, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel No.: +603 2690 3154
	:	The Bank of Nova Scotia Berhad Ground Floor Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2141 0766
	:	United Overseas Bank (Malaysia) Bhd Level 2, Menara UOB Jalan Raja Laut 50350 Kuala Lumpur Malaysia Tel. No.: +603 2693 9066
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No.: +603 7841 8000
SHARE REGISTRAR FOR THE COMPANY	:	Boustead Management Services Sdn Bhd 13th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2141 9044

1. CORPORATE DIRECTORY *(Cont'd)*

SPECIAL REGISTRAR FOR THE RESTRICTED BHB OFFERING AND THE RESTRICTED BREIT OFFERING	:	Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia Tel. No.: +603 2264 3883
PRINCIPAL ADVISER, JOINT GLOBAL COORDINATOR, JOINT BOOKRUNNER, MANAGING UNDERWRITER AND JOINT UNDERWRITER	:	AFFIN Investment Bank Berhad 27th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2142 3700
JOINT GLOBAL COORDINATOR, JOINT BOOKRUNNER AND JOINT UNDERWRITER	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
JOINT GLOBAL COORDINATOR AND JOINT BOOKRUNNER	:	Credit Suisse Securities (Malaysia) Sdn Bhd Suite 7.6, Level 7, Menara IMC 8 Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No.: +603 2723 2008
JOINT BOOKRUNNERS AND JOINT UNDERWRITERS *(in alphabetical order)*	:	AmInvestment Bank Berhad Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2036 2633
	:	CIMB Investment Bank Berhad 17th Floor Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel No.: +603 2261 8888
JOINT UNDERWRITERS *(in alphabetical order)*	:	HwangDBS Investment Bank Berhad Suite 23-01, 23rd Floor Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia Tel No.: +603 9195 6888
	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel No.: +603 9287 3888
INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd Level 23, Premier Suite One Mont' Kiara No. 1, Jalan Kiara 50480 Kuala Lumpur Malaysia Tel. No.: +603 2785 6822
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC of the SC

2. INTRODUCTION

This Prospectus is dated 27 May 2014.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the Registrar of Companies Malaysia, who takes no responsibility for their contents.

We have received the approval of the SC on 21 March 2014 for our IPO and the Listing. The approval of the SC and the registration of this Prospectus shall not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment. The SC is not liable for any non-disclosure on our part in this Prospectus. The SC also takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss that you may suffer as a result of your reliance upon the whole or any part of the contents of this Prospectus. On 25 April 2014, the SAC of the SC classified our Shares as Shariah-compliant based on the latest audited financial information of our Company for the FYE 31 December 2013. This classification remains valid from the date of this Prospectus until the next Shariah compliance review to be undertaken by the SAC of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You should rely on your own evaluation to assess the merits and risks of our IPO and an investment in our Company.

We have received the approval of Bursa Securities on 29 April 2014 for the Admission and our Listing. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been despatched to all successful applicants. Our Admission shall not be taken as an indication of the merits of our Company, our Shares or our IPO.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Consequently, our Shares offered in our IPO will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to the successful applicants.

The completion of the Institutional Offering and the Retail Offering are inter-conditional and are subject to the public spread requirements under the Bursa Securities LR. Pursuant to the Bursa Securities LR, at least 25% of the total number of Shares for which listing is sought must be held by at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing. We expect to achieve this at the point of our Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. Should such an event occur, we and the Selling Shareholder will return in full, without interest, monies paid in respect of all applications for the IPO Shares and if such monies are not returned in full within 14 days after we and the Selling Shareholder become liable to do so, then in accordance with the provision of Section 243(2) of the CMSA, in addition to the liability of our Company and the Selling Shareholder, the officers of our Company and the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

IF YOU ARE IN ANY DOUBT ABOUT THIS DOCUMENT OR IN CONSIDERING YOUR INVESTMENT, OR IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

3. SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted and summarised from the full text of this Prospectus. You should read and understand this section together with the entire Prospectus before you decide to, whether or not, to invest in us.

3.1 OVERVIEW

We are one of the most experienced and established upstream oil palm plantation companies in Malaysia and a subsidiary of BHB, one of Malaysia's oldest and largest diversified conglomerates. Backed by BHB's presence in the plantations business, we have over 100 years of plantations industry experience and over 50 years of oil palm plantation estate management experience. We are an investment holding company and are involved in the ownership of oil palm plantations. Through our subsidiaries, we are principally involved in the ownership and management of oil palm plantations, cultivation of oil palm and harvesting of its FFBs, and the production and sale of CPO and PK. We also sell oil palm FFBs and provide mill design and consultancy services. We are also actively involved in oil palm agricultural and agronomic research through our associate company, AA Resources.

Our involvement in the plantations business is carried out via our wholly-owned subsidiary, BEA, a central agency which provides a range of services such as the management of all plantation activities within our Group, plantation advisory services for oil palm and rubber crops, plantation engineering services, marketing of plantation produce and agronomics research.

We own, co-own and lease a total of 41 oil palm plantation estates and 10 palm oil mills in Malaysia with 20 plantation estates in Peninsular Malaysia, 12 in Sabah and 9 in Sarawak. We own and operate four palm oil mills in Peninsular Malaysia, four in Sabah and two in Sarawak. We own, co-own and lease a total 83,635.9 Ha of land out of which we cultivate oil palms and harvest FFBs on 70,991.2 Ha of plantation estate land as follows:

By ownership:

	Own	Co-own	Lease	Total
	Ha	Ha	Ha	Ha
Planted area	59,847.0	1,427.3	9,716.9	**70,991.2**
Planting reserve	-	-	353.2	**353.2**
Unplantable area	5,064.4	-	430.5	**5,494.9**
Building sites and roads	1,130.7	16.9	89.2	**1,236.8**
Others (Buffer zones, nursery, rentice)	5,037.5	47.4	474.9	**5,559.8**
Total area	**(1)71,079.6**	**(2)1,491.6**	**11,064.7**	**83,635.9**

By geographical area:

	Peninsular Malaysia	Sabah	Sarawak	Total
	Ha	Ha	Ha	Ha
Own	24,478.0	17,296.6	18,072.4	**59,847.0**
Co-Own	1,427.3	-	-	**1,427.3**
Lease	933.5	8,783.4	-	**9,716.9**
Total planted area	**26,838.8**	**26,080.0**	**18,072.4**	**70,991.2**
Planting reserve	-	353.2	-	**353.2**
Unplantable area	567.7	640.1	4,287.1	**5,494.9**
Building sites and roads	393.5	439.3	404.0	**1,236.8**
Others (Buffer zones, nursery, rentice)	799.2	944.8	3,815.8	**5,559.8**
Total land area	**28,599.2**	**28,457.4**	**(1)26,579.3**	**83,635.9**

Notes:

(1) Inclusive of 14,064.0 Ha in Sarawak which is without title, of which 12,531.4 Ha has been planted and the remaining 1,532.6 Ha are unplantable areas, building sites and roads, buffer zones, nurseries and rentice. Please refer to Annexure B.1.2 of this Prospectus for further information on the estates owned by our Group (for lands without titles).

(2) 50% of the plantation land is owned by Felda Holdings Berhad and Felda Marketing Services Sdn Bhd.

We sell CPO to palm oil refineries in Malaysia, to be further processed into palm-based edible oils and oleochemicals. Our PK is sold to PK crushing plants in Malaysia for the production of PK products. We also sell FFBs which are harvested from our plantation estates that are not located in close proximity to our mills and during the annual maintenance shutdown periods of our mills, to third party mills in Malaysia. Our CPO and PK production as well as our pro forma revenue for the FYE 31 December 2011, 31 December 2012 and 31 December 2013 are summarised below:

	FYE 31 December		
	2011	**2012**	**2013**
CPO (MT)	229,623	250,430	238,371
PK (MT)	51,572	56,059	52,927
Revenue (RM'000)	948,998	836,745	684,996

For detailed information on our Group, see Section 7 of this Prospectus.

3.2 COMPETITIVE STRENGTHS AND ADVANTAGES AND FUTURE PLANS AND STRATEGIES

3.2.1 Competitive strengths and advantages

(i) We are one of the most established and experienced upstream oil palm plantation companies in Malaysia with proven plantation management practices.

(ii) We have oil palm plantations with a maturity and topographical profile that supports increased production.

(iii) We have a highly experienced and technically strong management team.

(iv) We have an experienced and committed agricultural research unit.

(v) We adhere strictly to sustainable plantation management practices.

(vi) We have strong brand recognition from our association with our parent company BHB.

(vii) We are well positioned to benefit from growth in the global edible oils market.

3.2.2 Future plans and strategies

(i) Consolidation and expansion of our plantation assets.

(ii) Improve our operating efficiency and profitability through greater use of new planting materials.

(iii) Continuous improvement in best-practice management systems.

(iv) Expansion into the international market.

(v) Implementation of biogas systems for renewable energy production

For detailed information on our competitive strengths and advantages and future plans and strategies, see Section 7.4 and Section 7.5 of this Prospectus, respectively.

3.3 FINANCIAL INFORMATION

The following selected historical financial information have been prepared on the assumption that our Group has been in existence throughout the financial years under review. Accordingly, the historical financial information may not be indicative of our Group's future financial position due to differing underlying business factors before and after the IPO such as the management, tax and cost structure of the Group. For example, for the purpose of the preparation of pro forma consolidated statements of comprehensive income, BREIT is assumed to form part of our Group prior to 1 January 2011. Therefore, it is assumed that BREIT will not be eligible for the tax exemption granted under Section 61A(1) of the Income Tax Act 1967 for the FYE 31 December 2011 to 31 December 2013 and we had imputed an estimated income tax for BREIT at the rate of 25%. This differs from the audited financial information of BREIT for FYE 31 December 2011 to 31 December 2013, whereby prior to the BREIT Privatisation, BREIT was still exempted from taxation since its establishment under the Trust Deed as a real estate investment trust on 11 December 2006.

As such the past actual operating results do not reflect, amongst others, commercial, cost, tax and management synergies and opportunities which may have been available if our Group was operating in its current structure in the past. Hence, the financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flow in the future and our Group's past operating results are not indicative of our Group's future operating performance.

For detailed financial information relating to our Group, see Section 12 and Section 13 of this Prospectus, respectively.

3.3.1 Pro forma consolidated statements of comprehensive income

The pro forma consolidated statements of comprehensive income for the FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013 have been prepared for illustrative purposes only to show the effects of the pro forma consolidated statements of comprehensive income on the assumption that our Group had been in existence throughout the financial years under review. The pro forma consolidated statements of comprehensive income should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects" set out in Section 12.2 of this Prospectus and the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information and the notes thereon set out in Section 12.4 of this Prospectus.

	Pro forma		
	FYE 31 December		
	2011	**2012**	**2013**
	RM'000	**RM'000**	**RM'000**
Revenue	948,998	836,745	684,996
Operating costs	(633,307)	(649,095)	(581,461)
	315,691	187,650	103,535
Gain on disposal of plantation assets	7,238	9,564	92,834
Interest income	21,956	22,248	16,013
Other income	881	902	5,106
Finance costs	(19,352)	(24,850)	(44,180)
Net unrealised fair value gain on investment in quoted Shariah-compliant securities	66	942	-
Share of results from associates	6,324	4,042	5,235
PBT	**332,804**	**200,498**	**178,543**
Income tax expense	(35,803)	(45,041)	(18,873)
PAT	**297,001**	**155,457**	**159,670**

	Pro forma FYE 31 December		
	2011	**2012**	**2013**
	RM'000	**RM'000**	**RM'000**
PAT attributable to:			
Owners of our Company	256,919	142,300	161,478
Non-controlling interests	40,082	13,157	(1,808)
	297,001	**155,457**	**159,670**
Recurring PAT[(1)]	304,654	149,355	64,923
EBITDA[(2)] (RM'000)	360,419	229,002	238,787
PBT margin (%)	35.1	24.0	26.1
PAT margin (%)	31.3	18.6	23.3
Basic EPS attributable to the shareholder of our Company (sen per share)[(3)]	16.1	8.9	10.1

Notes:

(1) The table below sets out a reconciliation of our PAT to our recurring PAT:

	Pro forma FYE 31 December		
	2011	**2012**	**2013**
	RM'000	**RM'000**	**RM'000**
PAT	297,001	155,457	159,670
<u>Adjustment for non-recurring items:</u>			
Losses arising from the motor vehicle dealership of our Group	840	677	388
Gain from compulsory acquisition/disposal of plantation land by/to the Malaysian Government/third parties	(7,238)	(9,564)	(92,834)
Other income from the disposal of quoted securities by BREIT	(383)	(555)	(5,071)
Expenses of BREIT not expected to be incurred subsequent to the BREIT Privatisation	3,118	3,165	2,305
Provision for impairment loss/write-off of biological assets	5,445	-	465
Impairment of property, plant and equipment (net of tax allowances)	5,113	175	-
Loss on disposal of prepaid land lease	758	-	-
Recurring PAT	**304,654**	**149,355**	**64,923**

(2) EBITDA represents earnings before taxation, depreciation, impairments and amortisation, finance costs, interest income, share of results from associates and unrealised foreign exchange gains and/or losses.

The table below sets out a reconciliation of our PAT to EBITDA:

	Pro forma FYE 31 December		
	2011	**2012**	**2013**
	RM'000	**RM'000**	**RM'000**
PAT	297,001	155,457	159,670
Income tax expense	35,803	45,041	18,873
Depreciation	23,661	26,340	29,329
Amortisation	910	618	5,231
Finance costs	19,352	24,850	44,180
Interest income	(21,956)	(22,248)	(16,013)
Share of associates	(6,324)	(4,042)	(5,235)
Impairments and unrealised foreign exchange gains/losses	11,972	2,986	2,752
EBITDA	**360,419**	**229,002**	**238,787**

(3) Computed as PAT for the year attributable to shareholders of our Company divided by 1,600,000,000 BPB Shares in issue after the IPO.

3.3.2 Pro forma consolidated statements of financial position

The pro forma consolidated statements of financial position as at 31 December 2013 have been prepared for illustrative purposes only to show the effects of the audited consolidated statements of financial position of our Group as at 31 December 2013 on the assumption that the Listing and the utilisation of proceeds to be raised from the IPO were effected and completed on 31 December 2013. The pro forma consolidated statements of financial position should be read in conjunction with the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information and the notes thereon set out in Section 12.4 of this Prospectus.

Pro forma I : After the settlement of the SUR Offer Price, the Special Dividend and the payment of the single-tier dividend of approximately RM90.0 million for the FYE 31 December 2013

Pro forma II : After Proforma I and after the Share Split, the Bonus Issue, the Public Issue and the Listing

	Audited as at 31 December 2013	Pro forma I	Pro forma II
	RM'000	**RM'000**	**RM'000**
Non-current assets			
Property, plant and equipment	1,402,711	1,402,711	1,402,711
Biological assets	1,239,495	1,239,495	1,239,495
Other non-current assets	126,623	126,623	126,623
	2,768,829	**2,768,829**	**2,768,829**
Current assets			
Receivables	54,631	54,631	54,631
Amount due from immediate holding company	344,983	-	-
Amount due from related companies within BHB	15,254	4,105	4,105*
Cash and bank balances	32,302	71,223	587,223
Other current assets	43,036	43,036	43,036
	490,206	172,995	688,995
Total assets	**3,259,035**	**2,941,824**	**3,457,824**
Equity and liabilities			
Equity attributable to equity holders of the company			
Share capital	124,521	124,521	800,000
Share premium	177,439	177,439	623,557
Other capital reserves	192	192	192
Retained profits	1,087,717	1,087,717	872,120
	1,389,869	1,389,869	2,295,869
Non-controlling interests	59,099	59,099	59,099
	1,448,968	**1,448,968**	**2,354,968**
Non-current liabilities			
Other non-current liabilities	31,844	31,844	31,844
Borrowings	240,000	240,000	240,000
	271,844	**271,844**	**271,844**

	Audited as at 31 December 2013	Pro forma I	Pro forma II
	RM'000	RM'000	RM'000
Current liabilities			
Unsecured borrowings	737,355	737,355	737,355
Amount due to immediate holding company	801	390,000	-
Amount due to related companies within BHB	5,327	-	-
Amount due to the Entitled Unitholders for the SUR	611,079	-	-
Dividend	90,004	-	-
Other current liabilities	93,657	93,657	93,657
	1,538,223	1,221,012	831,012
Total liabilities	**1,810,067**	**1,492,856**	**1,102,856**
Total equity and liabilities	**3,259,035**	**2,941,824**	**3,457,824**
Number of ordinary shares in issue ('000)	124,521	124,521	1,600,000
NA per share attributable to the equity holders of our Company (RM)	11.16	11.16	1.43

Note:

* *As at the LPD, the amount due from related companies within BHB of approximately RM4.1 million has been paid.*

3.3.3 Pro forma consolidated statements of cash flows

The pro forma consolidated statements of cash flows for the FYE 31 December 2013 have been prepared for illustrative purposes only to show the effects of the audited consolidated statements of cash flows of our Group for the FYE 31 December 2013 on the assumption that the Listing and the utilisation of proceeds to be raised from the IPO were effected and completed on 1 January 2013. The pro forma consolidated statements of cash flows should be read in conjunction with the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information and the notes thereon set out in Section 12.4 of this Prospectus.

Pro forma I : After the settlement of the SUR Offer Price, Special Dividend and the payment of the single-tier dividend of approximately RM90.0 million for the FYE 31 December 2013, the Share Split, the Bonus Issue, the Public Issue and the Listing

	Audited for the FYE 31 December 2013	Pro forma I
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	698,139	698,139
Cash paid to suppliers and employees	(642,264)	(579,100)
Cash generated from operations	55,875	119,039
Tax paid	(15,896)	(15,896)
Net cash generated from operating activities	**39,979**	**103,143**

	Audited for the FYE 31 December 2013	Pro forma I
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(166,381)	(166,381)
Purchase of biological assets	(81,931)	(81,931)
Privatisation of BREIT, net of cash and cash equivalents of BREIT	-	(607,143)
Purchase of prepaid land lease	(1,766)	(1,766)
Proceeds from disposal of property, plant and equipment and biological assets	107,446	111,667
Proceeds from disposal of quoted Shariah-compliant securities	-	11,802
Proceeds from disposal of assets held for sale	5,346	5,346
Net cash inflow on acquisition of assets and liabilities	21,504	-
Net cash outflow on disposal of subsidiary	(13)	(13)
Net cash outflow on acquisition of subsidiaries	(17,572)	(17,572)
Dividends received	31,912	53,932
Interest received	14,980	15,248
Net cash used in investing activities	**(86,475)**	**(676,811)**
Cash flow from financing activities		
Decrease in revolving credits	(60,391)	(60,391)
Proceeds from the issuance of shares, net of payment of estimated listing expenses of RM22.0 million	-	906,000
Proceeds from term loans, net of repayments	137,500	137,500
Movement in immediate holding company balance, net	7,564	357,568
Movement in related companies balances, net	21,975	21,975
Interest paid	(33,043)	(42,748)
Distribution paid	-	(164,206)
Net cash generated from financing activities	73,605	1,155,698
Net increase in cash and cash equivalents	27,109	582,030
Cash and cash equivalents at the beginning of the period	2,494	2,494
Cash and cash equivalents at the end of the period	**29,603**	**584,524**
Cash and cash equivalent at 31 December 2013 comprised:		
Cash and bank balances	11,764	566,685
Short term deposits with a licensed bank	20,538	20,538
Bank overdrafts	(2,699)	(2,699)
	29,603	**584,524**

3.4 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval.

As we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions we receive from our subsidiaries and associates.

The payment of dividends by our subsidiaries and associates will depend upon their distributable profits, operating results, financial condition, capex plans, debt servicing and other obligations or business plans and applicable laws or agreements restricting their ability to pay dividends or make other distributions. In addition, changes in applicable accounting standards may also affect the ability of our subsidiaries, and consequently, our ability, to declare and pay dividends.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will depend on the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to take into account various factors such as:

(i) our level of cash, gearing and return on equity and retained earnings;

(ii) our expected financial performance;

(iii) our projected levels of capex and other investment plans;

(iv) our working capital requirements; and

(v) any contractual restrictions.

After taking into consideration the abovementioned factors under items (i) to (v), it is the current intention of our Board to adopt a dividend payout ratio of at least 60% of our PAT attributable to shareholders for each financial year, after excluding the profit retained by our associate companies and joint-venture companies and any unrealised income from fair value adjustments that are non-cash in nature.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

3.5 DETAILS OF OUR IPO

IPO	:	Institutional Offering and Retail Offering
Institutional Offering	:	Offering of up to 163,570,500 IPO Shares (comprising up to 29,000,000 Offer Shares and up to 134,570,500 Issue Shares) at the Institutional Price, subject to the clawback and reallocation provisions, as follows: (i) 125,196,500 Issue Shares to Bumiputera investors approved by the MITI; and (ii) 9,374,000 Issue Shares and up to 29,000,0000 Offer Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI)

Retail Offering : Offering of up to 492,429,500 IPO Shares (comprising up to 47,000,000 Offer Shares and 445,429,500 Issue Shares) at the Retail Price, subject to the clawback and reallocation provisions, to the following:

(i) Entitled Unitholders of BREIT;

(ii) Entitled Shareholders of BHB;

(iii) eligible directors and employees of our Group, persons who have contributed to the success of our Group, eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB; and

(iv) Malaysian Public

The Final Retail Price to be paid by successful investors pursuant to the Retail Offering will be determined after the Institutional Price is determined on the Price Determination Date, and will be the lower of:

(a) the Retail Price of RM1.60 per IPO Share; or

(b) the Institutional Price,

subject to rounding to the nearest sen.

For detailed information relating to our IPO, see Section 4 of this Prospectus.

3.6 UTILISATION OF PROCEEDS

We expect to use the total gross proceeds from the Public Issue of RM928.0[1] million in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation upon Listing	RM million	%
Acquisitions of plantation lands	Within 36 months	420.0	45.3
Replanting and capex	Within 12 months	96.0	10.3
Repayment of amounts owing to BHB	Within 6 months	390.0	42.0
Estimated fees and expenses for the IPO and the Listing	Within 6 months	22.0	2.4
Total gross proceeds		**928.0**	**100.0**

Note:

(1) We have assumed that the Institutional Price and the Final Retail Price will equal the Retail Price of RM1.60 per Share in arriving at this figure.

For detailed information relating to the utilisation of proceeds, see Section 4.8 of this Prospectus.

3.7 RISK FACTORS

Our operations are subject to the legal, regulatory and business environment in Malaysia as well as in other countries that may have impact on the palm oil sector. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us and/or our Shares.

3.7.1 Risks relating to our industry

(i) Inherent business risks in the plantation industry may affect our business.

(ii) Local and international commodity prices fluctuate based primarily on local and international market conditions, and will affect the prices of FFB, CPO and PK.

(iii) We face competition from other producers of palm oil and substitute oils.

(iv) Our production and supply of FFB may be adversely affected by weather conditions, natural disasters and other factors that affect our sales.

(v) Current and future consumer trends and preferences may reduce the demand for vegetable oils, including for CPO and other palm oil-based products.

(vi) We may be adversely affected by changes in the perception of the climate change costs and benefits connected with palm oil production and the use of biofuels.

3.7.2 Risks relating to our business

(i) Failure to improve our plantation yield could adversely affect our profitability.

(ii) We rely on foreign workers.

(iii) There are legal claims on certain lands on which we operate.

(iv) We may not be able to successfully acquire new plantation land.

(v) Our borrowings and gearing levels may increase as a result of future potential acquisitions of plantation assets, hence potentially affecting our financial performance.

(vi) We may face operational disruptions arising from conflicts with local communities.

(vii) Reliance on the Directors and experienced management personnel.

(viii) Our pro forma consolidated statement of financial position, statements of comprehensive income and statement of cash flows included in this Prospectus may not be indicative of our future financial position, results of operations and cash flows.

(ix) Funding, especially on terms acceptable to us, may not be available to meet our future capital needs.

(x) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations.

(xi) We may be exposed to costs arising from compliance with environmental and health and safety regulations and may be exposed to liabilities if we fail to comply with these regulations.

(xii) If we are not able to renew or maintain the approvals, licences, permits and certificates required to operate our business, this may have a material adverse effect on our business.

(xiii) We may be subject to various potential litigation risks associated with our operations.

(xiv) Restrictions in respect of category of land use and/or express conditions.

(xv) We are controlled by BHB, whose interests may not be aligned with those of our other shareholders.

(xvi) Failure to improve efficiencies in our production in a highly competitive market could adversely affect our profitability.

(xvii) Significant or prolonged disruptions to the production, storage and distribution facilities, transportation infrastructure or modes of transportation that we use could have an adverse effect on us.

3.7.3 Risks relating to our Shares

(i) There has been no prior market for our Shares and the offering of our Shares may not result in an active liquid market for our Shares.

(ii) Our Share price may be volatile.

(iii) There may be a delay in, or termination of, our Listing.

(iv) We may not be able to pay dividends.

(v) We plan to use the proceeds from the Public Issue primarily for expansion of our plantation land and repayment of our loans, and you may not necessarily agree with how we use them.

(vi) Because the Retail Price and the Institutional Price are higher than our NA value per Share, purchasers of our Shares in our IPO will experience immediate and substantial dilution, and purchasers of our Shares may experience further dilution if we issue additional Shares in the future.

(vii) Forward-looking statements in this Prospectus may not be accurate.

For a detailed discussion on the risks associated with investing in our Company, see Section 5 of this Prospectus.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION

Application for the IPO Shares under the Retail Offering will open at 10:00 a.m. on 27 May 2014 and will remain open until 5:00 p.m. on 11 June 2014 or such other date or dates as our Directors and the Managing Underwriter may decide in their absolute discretion.

4.2 INDICATIVE TIMETABLE

The following events have taken place/are intended to take place on the following indicative dates:

Event	Time and/or date
BREIT Entitlement Date	5:00 p.m., 30 December 2013
BHB Entitlement Date	5:00 p.m., 23 May 2014
Opening of the Institutional Offering	27 May 2014
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 27 May 2014
Closing of acceptance, application and payment for the Restricted Offering	5:00 p.m., 11 June 2014
Closing of the Retail Offering/Institutional Offering	5:00 p.m., 11 June 2014
Price Determination Date	11 June 2014
Balloting of applications for the IPO Shares under the Retail Offering	16 June 2014
Allotment/Transfer of the IPO Shares to successful applicants	24 June 2014
Listing	26 June 2014

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the IPO Shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors and the Managing Underwriter may decide in their absolute discretion.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting of applications for the IPO Shares under the Retail Offering, allotment/transfer of the IPO Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

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4.3 PARTICULARS OF OUR IPO

Our IPO of up to 656,000,000 IPO Shares, representing up to 41.00% of the enlarged issued and paid-up share capital of our Company, comprises the following:

(i) an Offer for Sale by the Selling Shareholder of up to 76,000,000 Offer Shares, representing 4.75% of the enlarged issued and paid-up share capital of our Company; and

(ii) a Public Issue of 580,000,000 Issue Shares, representing 36.25% of the enlarged issued and paid-up share capital of our Company,

subject to the Over-allotment Option as set out in Section 4.3.4 of this Prospectus. The IPO Shares are offered under the Institutional Offering and the Retail Offering in the manner set out below.

4.3.1 Institutional Offering

The Institutional Offering involves the offering of up to 163,570,500 IPO Shares (comprising up to 29,000,000 Offer Shares and up to 134,570,500 Issue Shares) at the Institutional Price, representing up to approximately 10.22% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) 125,196,500 Issue Shares to Bumiputera investors approved by the MITI; and

(ii) 9,374,000 Issue Shares and up to 29,000,000 Offer Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI).

4.3.2 Retail Offering

The Retail Offering involves the offering of up to 492,429,500 IPO Shares (comprising up to 47,000,000 Offer Shares and 445,429,500 Issue Shares) at the Retail Price, representing approximately 30.78% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) Allocation to the Entitled Unitholders of BREIT

(a) Number and basis of allocation

174,594,000 Issue Shares under the Restricted BREIT Offering are reserved for applications by the Entitled Unitholders of BREIT at the Retail Price. Each Entitled Unitholder of BREIT will be guaranteed an allocation on the basis of 3 Issue Shares for every 5 Units held as at the BREIT Entitlement Date, rounded down to the nearest board lot. The Entitled Unitholders of BREIT who are allocated below 100 Issue Shares based on the above basis of 3 Issue Shares for every 5 Units will be guaranteed a minimum allocation of 100 Issue Shares.

Fractional entitlements and odd lots arising from the Restricted BREIT Offering to the Entitled Unitholders of BREIT will be disregarded and the aggregate of such fractions and such odd lots will be dealt with in such manner or on such terms as our Board may deem fit and expedient in the best interest of our Company.

(b) Excess Applications

Any Excess Issue Shares will be made available to other Entitled Unitholders of BREIT under the Excess Application. Each Entitled Unitholder of BREIT is eligible to apply for the Excess Issue Shares. Our Board reserves the right to allocate any Excess Issue Shares to Entitled Unitholders of BREIT who has made an Excess Application, in a fair and equitable basis and in such manner as it deems fit and expedient in the best interest of our Company. It is the intention of our Board to allocate the Excess Issue Shares on a pro-rata basis according to the Entitled Unitholders of BREIT's respective unitholdings in BREIT as at the BREIT Entitlement Date which is to be rounded down to the nearest board lot.

If any Excess Issue Shares after the above allocation remains available, it will be re-allocated based on a pro-rata basis according to the Entitled Unitholders of BREIT's unitholdings as at the BREIT Entitlement Date which is to be rounded down to the nearest board lot.

Subject to the final basis of allocation of the remaining Issue Shares on a pro-rata basis, the Entitled Unitholders of BREIT who apply in excess of their guaranteed entitlement may receive additional allocation on a pro-rata basis according to their respective unitholdings in BREIT as at the BREIT Entitlement Date.

The notice of allotment of the Issue Shares to the Entitled Unitholders of BREIT under the Restricted BREIT Offering will be sent by ordinary mail within 8 Market Days after the closing date of the Retail Offering. The balance of the application monies, if any, will be refunded to the Entitled Unitholders of BREIT without interest by ordinary post to the last address maintained with Bursa Depository within 10 Market Days from the closing date of the Retail Offering.

The allocations to the Entitled Unitholders of BREIT under the Restricted BREIT Offering are non-renounceable and non-tradable. Entitled Unitholders of BREIT are not allowed to submit multiple applications for the Issue Shares to be issued under the Restricted BREIT Offering and our Board has the absolute discretion to reject such multiple applications.

The Restricted BREIT Offering does not preclude the Entitled Unitholders of BREIT who are also the Entitled Shareholders of BHB from applying their respective entitlements to the Issue Shares under the Restricted BHB Offering, if any.

The Entitled Unitholders of BREIT are also eligible to apply for the IPO Shares under Section 4.3.1 or the Issue Shares under Section 4.3.2(iv) below even if they decide to subscribe for the Issue Shares made to them under Section 4.3.2(i).

Excluded Unitholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction which they may be subject to. Participation in the Restricted BREIT Offering by any of the Excluded Unitholders shall be based on their warranty to our Company that they may lawfully so participate without our Company, AFFIN Investment, the Special Registrar for the Restricted BREIT Offering and/or other advisers and experts being in breach of laws on jurisdiction other than the laws of Malaysia to which the Excluded Unitholders are or might be subject to.

The Prospectus will not be registered under applicable securities legislation of any foreign jurisdiction. Accordingly, the Prospectus will not be sent to the Excluded Unitholders.

Our Company had, on 28 April 2014 and 22 April 2014, received irrevocable written undertakings from LTAT and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin to subscribe for their entitlements under the Restricted BREIT Offering of 47,772,100 Issue Shares and 150,000 Issue Shares, respectively, vide their Undertaking Letters.

(ii) Allocation to the Entitled Shareholders of BHB

(a) Number and basis of allocation

206,835,500 Issue Shares under the Restricted BHB Offering are reserved for applications by the Entitled Shareholders of BHB at the Retail Price. Each Entitled Shareholder of BHB will be guaranteed an allocation on the basis of 1 Issue Share for every 5 BHB Shares held as at the BHB Entitlement Date, rounded down to the nearest board lot. The Entitled Shareholders of BHB who are allocated below 100 Issue Shares based on the above basis of 1 Issue Share for every 5 BHB Shares will be guaranteed a minimum allocation of 100 Issue Shares.

Fractional entitlements and odd lots arising from the Restricted BHB Offering to the Entitled Shareholders of BHB will be disregarded and the aggregate of such fractions and such odd lots will be dealt with in such manner or on such terms as our Board and the board of directors of BHB may deem fit and expedient in the best interest of our Company.

(b) Excess Applications

Any Excess Issue Shares will be made available to other Entitled Shareholders of BHB under the Excess Application. Each Entitled Shareholder of BHB is eligible to apply for the Excess Issue Shares. Our Board and the Directors of BHB reserve the right to allocate any Excess Issue Shares to Entitled Shareholders of BHB who have made an Excess Application, in a fair and equitable basis and in such manner as it deems fit and expedient in the best interest of our Company. It is the intention of our Board and the Directors of BHB to allocate the Excess Issue Shares on a pro-rata basis according to the Entitled Shareholders of BHB's respective shareholdings in BHB as at the BHB Entitlement Date which is to be rounded down to the nearest board lot.

If any Excess Issue Shares after the above allocation remains available, it will be re-allocated based on a pro-rata basis according to the Entitled Shareholders of BHB's shareholdings as at the BHB Entitlement Date which is to be rounded down to the nearest board lot.

Subject to the final basis of allocation of the remaining Issue Shares on a pro-rata basis, the Entitled Shareholders of BHB who apply in excess of their guaranteed entitlement may receive additional allocation on a pro-rata basis according to their respective shareholdings in BHB as at the BHB Entitlement Date.

The notice of allotment of the Issue Shares to the Entitled Shareholders of BHB under the Restricted BHB Offering will be sent by ordinary mail within 8 Market Days after the closing date of the Retail Offering. The balance of the application monies, if any, will be refunded to the Entitled Shareholders of BHB without interest by ordinary post to the last address maintained with Bursa Depository within 10 Market Days from the closing date of the Retail Offering.

The allocations to the Entitled Shareholders of BHB under the Restricted BHB Offering are non-renounceable and non-tradable. Entitled Shareholders of BHB are not allowed to submit multiple applications for the Issue Shares to be issued under the Restricted BHB Offering and our Board and the Directors of BHB have the absolute discretion to reject such multiple applications.

The Restricted BHB Offering does not preclude the Entitled Shareholders of BHB who are also the Entitled Unitholders of BREIT from applying their respective entitlements to the Issue Shares under the Restricted BREIT Offering, if any.

The Entitled Shareholders of BHB are also eligible to apply for the IPO Shares under Section 4.3.1 or the Issue Shares under Section 4.3.2(iv) below even if they decide to subscribe for the Issue Shares made to them under Section 4.3.2(ii).

The Excluded Shareholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction which they may be subject to. Participation in the Restricted BHB Offering by any of the Excluded Shareholders shall be based on their warranty to our Company and BHB that they may lawfully so participate without our Company, BHB, AFFIN Investment, the Special Registrar for the Restricted BHB Offering and/or other advisers and experts being in breach of laws on jurisdiction other than the laws of Malaysia to which the Excluded Shareholders are or might be subject to.

The Prospectus will not be registered under applicable securities legislation of any foreign jurisdiction. Accordingly, the Prospectus will not be sent to the Excluded Shareholders.

Our Company had, on 28 April 2014 and 22 April 2014, received irrevocable written undertakings from LTAT and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin to subscribe for their entitlements under the Restricted BHB Offering of 120,399,600 Issue Shares and 5,638,500 Issue Shares, respectively, vide their Undertaking Letters.

(iii) Allocation to the eligible directors and employees of our Group, persons who have contributed to the success of our Group and the eligible directors and employees of BHB and the specified directors of the selected subsidiaries of BHB

Up to 47,000,000 Offer Shares representing approximately 2.94% of the enlarged issued and paid-up share capital of our Company, have been reserved for the eligible directors and employees of our Group, persons who have contributed to the success of our Group and the eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB, to be allocated as follows:

(a) 27,955,000 Offer Shares reserved for applications by the eligible directors of our Group as at LPD;

(b) 6,190,000 Offer Shares reserved for applications by the eligible employees of our Group as at LPD;

(c) 5,675,000 Offer Shares reserved for application by the eligible directors of BHB (excluding the eligible directors of BHB who are on our Board) as at LPD;

(d) 6,180,000 Offer Shares reserved for application by the eligible employees of BHB and the specified directors of the selected subsidiaries of BHB as at LPD; and

(e) 1,000,000 Offer Shares reserved for application by persons who have contributed to the success of our Group.

A summary of the allocation of the 47,000,000 Offer Shares as described above is set out below:

Eligible persons	No. of eligible persons	Aggregate no. of Offer Shares allocated
Eligible directors of our Group[1]	6	27,955,000
Eligible employees of our Group[2]	615	6,190,000
Eligible directors of BHB (excluding the eligible directors of BHB who are on our Board)[3]	4	5,675,000
Eligible employees of BHB and specified directors of the selected subsidiaries of BHB[4]	35	6,180,000
Persons who have contributed to the success of our Group[5]	5	1,000,000
Total		**47,000,000**

Notes:

(1) Includes, inter alia, all eligible directors of our Group who have been allocated between 200,000 and 25,655,000 Offer Shares each. For details on the allocation to the eligible directors of our Group, see Section 9.1.2 of this Prospectus.

(2) Includes, inter alia, all eligible employees of our Group employed prior to 1 January 2013 and who have not resigned from employment within our Group. They have been allocated between 100 and 650,000 Offer Shares each. The criteria for allocation to the eligible employees of our Group are based on their position and job grade as at 1 January 2013.

(3) Includes, inter alia, all eligible directors of BHB (excluding the eligible directors of our Group) who have been allocated between 1,200,000 and 1,500,000 Offer Shares each.

(4) Includes, inter alia, all eligible employees of BHB and specified directors of the selected subsidiaries of BHB who have been allocated between 10,000 and 1,200,000 Offer Shares each. The criteria for allocation to the eligible employees of BHB and specified directors of the selected subsidiaries of BHB are based on their position and job grade as at 1 January 2013.

(5) The criteria for allocation to the persons who have contributed to the success of our Group are based on, inter alia, their current and past contributions to our Group and duration of their respective relationship with our Group.

(iv) Allocation via balloting to the Malaysian Public

64,000,000 Issue Shares for application by the Malaysian Public, of which 32,000,000 Issue Shares have been set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions.

4. DETAILS OF OUR IPO

In summary, the IPO Shares will be allocated subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Section 4.3.3 and Section 4.3.4 of this Prospectus, respectively, in the following manner:

	Offer for Sale		Public Issue		Total	
Categories	**No. of Offer Shares**	**% of our enlarged share capital**	**No. of Issue Shares**	**% of our enlarged share capital**	**No. of IPO Shares**	**% of our enlarged share capital**
Retail Offering:						
Entitled Unitholders of BREIT	-	-	174,594,000	10.91	174,594,000	10.91
Entitled Shareholders of BHB	-	-	206,835,500	12.93	206,835,500	12.93
Eligible directors and employees of our Group, persons who have contributed to the success of our Group and the eligible directors and employees of BHB and the specified directors of the selected subsidiaries of BHB	47,000,000	2.94	-	-	47,000,000	2.94
Malaysian Public (via balloting)	-	-	64,000,000	4.00	64,000,000	4.00
- Bumiputera	-	-	*32,000,000*	*2.00*	*32,000,000*	*2.00*
- Non-Bumiputera	-	-	*32,000,000*	*2.00*	*32,000,000*	*2.00*
Sub-total	**47,000,000**	**2.94**	**445,429,500**	**27.84**	**492,429,500**	**30.78**
Institutional Offering:						
Bumiputera investors approved by the MITI	-	-	125,196,500	7.82	125,196,500	7.82
Other Malaysian institutions and selected investors	29,000,000	1.81	9,374,000	0.59	38,374,000	2.40
Sub-total	29,000,000	1.81	134,570,500	8.41	163,570,500	10.22
Total	**76,000,000**	**4.75**	**580,000,000**	**36.25**	**656,000,000**	**41.00**

The completion of the Institutional Offering and the Retail Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Bursa Securities LR as set out in Section 2 of this Prospectus.

4.3.3 Clawback and reallocation

The Institutional Offering and the Retail Offering shall be subject to the following clawback and reallocation provisions:

(i) if the Issue Shares made available to Entitled Unitholders of BREIT pursuant to the Restricted BREIT Offering are not fully applied for, such unsubscribed Issue Shares will be made available for application by the Entitled Shareholders of BHB. It is the intention of our Board and the board of directors of BHB to allocate such unsubscribed Issue Shares, if any, on a pro-rata basis according to the Entitled Shareholders of BHB's respective shareholdings in BHB as at the BHB Entitlement Date which is to be rounded down to the nearest board lot with fractional and odd lot entitlements will be disregarded.

Nevertheless, our Board and the Directors of BHB reserve the right to allocate such unsubscribed Issue Shares in such manner as they deem fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in the above paragraph is achieved;

(ii) if the Issue Shares made available to the Entitled Shareholders of BHB pursuant to the Restricted BHB Offering are not fully applied for, such unsubscribed Issue Shares will be made available for application by the Entitled Unitholders of BREIT. It is the intention of our Board to allocate such unsubscribed Issue Shares, if any, on a pro-rata basis according to the Entitled Unitholders of BREIT's respective unitholdings in BREIT as at the BREIT Entitlement Date which is to be rounded down to the nearest board lot with fractional and odd lot entitlements will be disregarded.

Nevertheless, our Board reserves the right to allocate such unsubscribed Issue Shares in such manner as it deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in the above paragraph is achieved;

(iii) if there remains any unsubscribed Issue Shares not fully subscribed for after Section 4.3.3(i) and Section 4.3.3(ii) above, and there is a corresponding over-subscription by the Malaysian Public, such unsubscribed Issue Shares which are not taken up will be allocated to the Malaysian Public;

(iv) any Offer Shares not fully taken up by the eligible directors and employees of our Group, persons who have contributed to the success of our Group and the eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB will be retained by the Selling Shareholder;

(v) subject to Section 4.3.3(iii) and save for Section 4.3.3(iv), if there is an under-subscription in the Retail Offering and an over-subscription in the Institutional Offering, the IPO Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering;

(vi) if the Issue Shares allocated to Bumiputera investors approved by the MITI are not fully taken up, the Issue Shares which are not taken up may be allocated to other Malaysian institutional and selected investors under the Institutional Offering; and

(vii) subject to Section 4.3.3(iii) above, if there is an over-subscription in the Retail Offering and an under-subscription in the Institutional Offering, the IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering.

There will be no clawback and reallocation if there is an over-subscription in both the Institutional Offering and the Retail Offering.

4.3.4 Over-allotment Option

The Selling Shareholder may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Placement Managers) and may appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may at their absolute discretion, over-allot our Shares (on behalf of the Placement Managers) and subsequent thereto, effect transactions which may stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares.

If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Selling Shareholder at any time, within 30 days from the date of Listing to purchase from the Selling Shareholder up to an aggregate of 64,000,000 BPB Shares at the Institutional Price for each Share, representing up to approximately 9.76% of the total number of IPO Shares offered, solely for the purpose of covering over-allotments of our Shares (if any).

4.3.5 Share capital

Upon the completion of our IPO, our share capital would be as follows:

	No. of Shares	RM
Authorised	million	million
4,000,000,000 Shares	4,000	2,000
Issued and fully paid-up as at the LPD	1,020	510
To be issued and fully paid-up pursuant to the Public Issue	580	290
Enlarged issued and fully paid-up share capital upon Listing	**1,600**	**800**

4.3.6 Classes of shares and rankings

As at the LPD, we only have one class of shares, being ordinary shares of RM0.50 each. The Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with our other existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distribution that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our other existing issued and paid-up Shares including voting rights, and will be entitled to all rights, dividends and distribution that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Upon allotment and issue and subject to any special rights attaching to any Shares we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Articles after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. On a show of hands, every one of our shareholders present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.3.7 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised by our Company and the Selling Shareholder from the IPO. However, in order to comply with the public shareholding spread requirement under the Bursa Securities LR, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Bursa Securities LR or as approved by Bursa Securities.

In the event that the public shareholding spread requirement is not met pursuant to the IPO and/or if we and the Selling Shareholder decide in our absolute discretion not to proceed with the Listing, monies paid in respect of any application for the IPO Shares will be returned in full without interest and if such monies are not returned in full within 14 days after our Company and the Selling Shareholder become liable to do so, then our Company and the Selling Shareholder and the officers of our Company and the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

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There can be no assurance that the IPO Shares will be fully subscribed. The total subscription received for the IPO may be less than the number of IPO Shares under the Offer for Sale and the Public Issue. In the event there are unsubscribed IPO Shares which are not underwritten under the Institutional Offering but the overall subscription level of IPO Shares is enough to meet the public shareholding spread prescribed under Bursa Securities LR, we will proceed with the completion of the IPO and the Listing. We, together with the Selling Shareholder, will then meet the demand for the IPO Shares for each of the Retail Offering and the Institutional Offering firstly through the issuance of Issue Shares (save for the allotment to eligible directors and employees of our Group, persons who have contributed to the success of the our Group and the eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB under the Retail Offering). When such available Issue Shares are fully subscribed, any demand for the IPO Shares thereafter will be satisfied through the Offer Shares.

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4.4 SELLING SHAREHOLDER

As at the LPD, the Selling Shareholder is our holding company, BHB, which presently holds 100% equity interest in our Company. Following the IPO and assuming the exercise of the Over-allotment Option set out in Section 4.3.4 of this Prospectus, the Selling Shareholder's shareholding in our Company will reduce to 880,000,000 Shares, representing 55.00% of our enlarged issued and paid-up share capital.

Save for the interest in our Shares and as disclosed below, there is no other material relationship that the Selling Shareholder has had within the past three years with our Company or our predecessors or our Group:

(i) In the event the Over-allotment Option is not exercised:

			Shares held after the Bonus Issue and the Share Split		Shares to be offered pursuant to the Offer for Sale		Shares upon Listing	
Selling shareholder	Registered address	Nature of interest	No. of BPB Shares	%	No. of BPB Shares	%	No. of BPB Shares	%
			'000		'000		'000	
BHB	28th Floor, Menara Boustead No. 69 Jalan Raja Chulan 50200 Kuala Lumpur	Promoter and holding company	1,020,000	100.00(1)	76,000(2)	4.75(2)	944,000	59.00(3)

(ii) In the event the Over-allotment Option is fully exercised:

	Shares held after the Bonus Issue and the Share Split		Shares to be offered pursuant to the Offer for Sale		Shares upon Listing	
Selling shareholder	No. of BPB Shares	%	No. of BPB Shares	%	No. of BPB Shares	%
	'000		'000		'000	
BHB	1,020,000	100.00(1)	140,000(2)(4)	8.75(2)(4)	880,000	55.00(3)

4. DETAILS OF OUR IPO *(Cont'd)*

Notes:

(1) Based on our issued and paid-up share capital as at the LPD of 1,020,000,000 Shares, after the Bonus Issue and the Share Split.

(2) Based on the assumption that the Offer for Sale will be:

(i) fully applied for by all eligible directors and employees of our Group, persons who have contributed to the success of our Group and the eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB; and

(ii) fully subscribed by institutional investors pursuant to the Institutional Offering.

However, the Offer Shares allocated to the eligible directors and employees of our Group, persons who have contributed to the success of our Group and the eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB will be retained by BHB to the extent of such Offer Shares which are not taken up.

(3) Based on our enlarged issued and paid-up share capital of 1,600,000,000 Shares, upon Listing.

(4) Incorporating the over-allotment of an additional 64,000,000 Offer Shares by BHB pursuant to the Over-allotment Option.

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4.5 BASIS OF ARRIVING AT THE PRICE OF THE IPO SHARES AND REFUND MECHANISM

4.5.1 Retail Price

The Retail Price of RM1.60 per IPO Share was determined and agreed upon between our Directors, the Selling Shareholder, the Principal Adviser, the Joint Global Coordinators and the Managing Underwriter, after taking into consideration the following factors:

(i) our NA as at 31 December 2013 of approximately RM1,389.9 million and the pro forma NA attributable to equity holders of our Company as at 31 December 2013 after giving effect to our IPO of approximately RM2,295.9 million;

(ii) our NA per Share as at 31 December 2013 of approximately RM11.16 and the pro forma NA per Share attributable to equity holders of our Company as at 31 December 2013 after giving effect to our IPO of approximately RM1.43;

(iii) our historical pro forma PAT for the past 3 FYE 31 December 2011, 2012 and 2013 of approximately RM297.0 million, RM155.5 million and RM159.7 million, respectively, as described in Section 12 of this Prospectus;

(iv) our CPO and PK production growth for the past 3 FYE 31 December 2011 to 2013 of our CPO from 229,623 MT to 238,371 MT and PK from 51,572 MT to 52,927 MT as described in Section 7 of this Prospectus; and

(v) our future plans and strategies involving, amongst others, the acquisition of an additional 20,000 Ha of earnings-accretive, mature plantations and/or plantation reserve land in the next 5 years, as described in Section 7.5 of this Prospectus.

The Final Retail Price will be determined after the Institutional Price is determined on the Price Determination Date and will be the lower of:

(a) the Retail Price of RM1.60 per IPO Share; or

(b) the Institutional Price,

subject to rounding to the nearest sen.

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants, without any interest thereon. Further details on the refund mechanism are set out in Section 4.5.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM1.60 per IPO Share nor lower than the par value of our Shares.

The Final Retail Price and the Institutional Price are expected to be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network ("**Bursa LINK**"). In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for the IPO Shares.

Applicants should also note that the vagaries of market forces and other uncertainties may affect the market price of our Shares after the Listing.

4.5.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares they would be prepared to acquire and the price they would be prepared to pay for the IPO Shares in respect of the Institutional Offering. This bookbuilding process commenced on 27 May 2014 and will end on 11 June 2014, or such date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Joint Global Coordinators on the Price Determination Date.

4.5.3 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form or by crediting into the accounts of the successful applicants with the Participating Financial Institution for Electronic Share Applications or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for Internet Share Applications, within ten Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Section 16.10 and Section 16.11 of this Prospectus, respectively.

4.5.4 Expected market capitalisation

Based on the Retail Price of RM1.60 per Share and our enlarged issued and paid-up share capital of 1,600,000,000 Shares, the total market capitalisation of our Company upon Listing shall be approximately RM2,560,000,000.

Prior to the IPO, there has been no trading market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.

4.6 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

(i) to unlock the value of the merged plantation assets and operations of our enlarged BPB Group as the market price of BPB Shares after the Listing is expected to reflect the earnings and growth potential of BPB;

(ii) to enable our enlarged Group to access cost-effective funding from the equity capital market and to have greater financial flexibility to raise funds to pursue future expansion and growth opportunities;

(iii) to enable the Entitled Unitholders of BREIT and the Entitled Shareholders of BHB to directly participate in the envisaged growth of our enlarged BPB Group, which represents the vehicle for the streamlining of BHB Group's plantation assets and operations; and

(iv) to provide opportunity for the eligible directors and employees of our Group, persons who have contributed to the success of our Group, eligible directors and employees of BHB and the specified directors of the selected subsidiaries of BHB and the Malaysian Public, to participate in our future performance.

4.7 DILUTION

Dilution is the amount by which the price paid by the retail, institutional and the selected investors for our Shares exceeds our consolidated NA per Share after the IPO. Our pro forma consolidated NA per Share as at 31 December 2013 is RM1.36, based on our issued and paid-up share capital of 1,020,000,000 Shares following the Share Split and the Bonus Issue. The pro forma consolidated NA per Share represents the equity attributable to the shareholders of our Company over the number of Shares outstanding immediately prior to the IPO.

After giving effect to the issuance of 580,000,000 new Shares under the Public Issue, and after adjusting for the estimated fees and expenses for the IPO and the Listing, our pro forma consolidated NA per Share as at 31 December 2013 (based on our enlarged issued and paid-up share capital of 1,600,000,000 Shares) would be RM1.43. This represents an immediate increase in NA per Share of RM0.07 to our existing shareholders and an immediate dilution in NA per Share of RM0.17, representing 10.6% of the Retail Price and the Institutional Price (assuming that the Institutional Price and the Final Retail Price will equal the Retail Price), to the retail/institutional and the selected investors. For details on our NA per Share attributable to the shareholders of our Company, see Section 12.4 of this Prospectus.

The following table illustrates such dilution on a per Share basis assuming the Final Retail Price and the Institutional Price equal the Retail Price:

	RM
Assumed Final Retail Price/Institutional Price	1.60
Pro forma consolidated NA per Share as at 31 December 2013, after adjusting for the Bonus Issue and the Share Split, but before adjusting for the IPO	1.36
Pro forma consolidated NA per Share as at 31 December 2013, after giving effect to the IPO	1.43
Increase in NA per Share	0.07
Dilution in pro forma consolidated NA per Share to retail/institutional and selected investors	0.17
Dilution in pro forma consolidated NA per Share to retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price	10.6%

The dilution in pro forma consolidated NA per Share to the retail/institutional and the selected investors is illustrative in nature and is dependent upon the outcome of the Final Retail Price from our bookbuilding exercise pursuant to the Institutional Offering. Further, the abovementioned illustration does not take into consideration the potential increase in the NA of our Company arising from the revaluation of our plantation assets.

Save as disclosed in Section 9.1.2, Section 9.2.2 and Section 9.3.3 of this Prospectus, none of our substantial shareholders, our Directors, our key management or persons connected to them have acquired Shares in our Company in the past three years up to the LPD.

4.8 UTILISATION OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of up to RM121.6 million[(1)] will accrue entirely to the Selling Shareholder.

We expect to use the total gross proceeds from the Public Issue of RM928.0[(1)] million in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation upon Listing	RM million	%
Acquisitions of plantation lands[(2)]	Within 36 months	420.0	45.3
Replanting and capex[(3)]	Within 12 months	96.0	10.3
Repayment of amounts owing to BHB[(4)]	Within 6 months	390.0	42.0
Estimated fees and expenses for the IPO and the Listing[(5)]	Within 6 months	22.0	2.4
Total gross proceeds		**928.0**	**100.0**

Notes:

(1) We have assumed that the Institutional Price and the Final Retail Price will equal the Retail Price of RM1.60 per Share in arriving at this figure.

(2) We intend to acquire up to 10,000 Ha of earnings-accretive, mature plantation estates and/or plantation reserve land primarily in Malaysia within the next three years. We plan to firstly utilise the IPO proceeds of RM420 million to partly fund the said acquisitions and if required, thereafter to utilise a combination of internally generated funds and/or external financing, including debt instruments, to be determined by our Board.

Alternatively, if the actual proceeds required for the acquisitions of plantation lands are lower than budgeted or we are unable to identify any suitable plantation lands within a period of 36 months, the excess or proceeds not utilised will be used for repayment of our existing bank borrowings in respect of previous acquisitions of plantation lands by our Group.

For further details of our future plans and strategies in relation to acquisitions of plantation lands, see Section 7.5 of this Prospectus.

(3) We intend to undertake a replanting programme on 4,375.8 Ha of our plantation estates for the year 2014 and 2015. We have allocated RM44 million, which we intend to utilise from the IPO proceeds within the next 12 months, to fund our upkeep activities for our replanting programmes undertaken in 2012 and 2013 as well as the replanting of new oil palms for the year 2014 and 2015.

We have budgeted approximately RM58 million for our capex in the year 2014 which comprises the purchase and installation of new machineries and equipment for the upgrading of our palm oil mills and the construction of the biogas plants at our Telok Sengat Oil Mill and Trong Oil Mill. Out of the estimated capex of RM58 million, we intend to utilise RM52 million from the IPO proceeds within the next 12 months from our Listing, to partially fund our capex. The remaining capex will be funded out of internally generated funds and/or bank borrowings.

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(4) The amount owing to BHB of RM390 million is arrived at from the following:

	RM million
Amount received from BHB pursuant to the BREIT Privatisation	650
Less: net amount owing by BHB to BPB after settlement of inter-company loans between the BHB Group and BPB (See note *)	(260)
Total amount due to BHB to be repaid from the IPO proceeds	**390**

Note *:

The net amount owing by the BHB Group to BPB of RM260 million comprises:

	RM million	RM million
Amount due from BHB as at 31 December 2013	315.6	
Less: Amount owing to BHB pursuant to the single tier interim dividend for the FYE 31 December 2013	(90.0)	225.6
Less: Amount due to BHB as at 31 December 2013		(0.9)
		224.7
Add: Amount due from other subsidiaries of BHB as at 31 December 2013		38.7
		263.4
Less: Repayment to related companies of BHB		(4.1)
		259.3
Add: Extinguishing amount owing pursuant to the Disposal of Motor Vehicle Business		0.7
Amount due from BHB		**260.0**

(5) The fees and expenses for the IPO and the Listing to be borne by us are estimated to be RM22.0 million and are expected to comprise the following:

	RM million
Estimated professional fees	6.5
Brokerage, underwriting, commission and placement fee	12.5
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with the IPO	1.7
Miscellaneous expenses and contingencies	1.3
Total estimated listing expenses	**22.0**

If the actual listing expenses are higher than budgeted, the deficit will be funded out of the proceeds allocated for replanting and capex.

Pending full utilisation of the gross proceeds received, we intend to place the proceeds raised from our IPO (including accrued profits, if any) or the balance thereof in Islamic deposit accounts with licensed financial institution(s) or in short-term money-market instruments which are Shariah-compliant. We also expect this to provide us with greater financial flexibility for us to fund our future expansion.

The financial impact of the utilisation of proceeds from the Public Issue on our pro forma consolidated statement of financial position as at 31 December 2013 is set out in Section 12.4 of this Prospectus.

4.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.9.1 Brokerage

We will pay brokerage in respect of the Issue Shares under the Retail Offering, at the rate of 1% of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Global Coordinators and the Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will neither be payable by us nor the Selling Shareholder.

4.9.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Managing Underwriter and the Joint Underwriters have agreed to underwrite the Issue Shares under the Retail Offering for a total managing underwriting commission calculated at a rate of 0.65% and an underwriting commission calculated at the rate of 1.10% of the Retail Price multiplied by the number of Issue Shares underwritten pursuant to the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.9.3 Placement fee

We, in respect of the Issue Shares, and the Selling Shareholder, in respect of the Offer Shares and the 64,000,000 Shares under the Over-allotment Option, will pay the Joint Global Coordinators and Joint Bookrunners a placement fee of 1.80% of the Institutional Price multiplied by the number of IPO Shares sold to Malaysian institutional and selected investors pursuant to the Institutional Offering in accordance with the terms of the Placement Agreement.

The placement fee to be paid by the Selling Shareholder to the Joint Global Coordinators and Joint Bookrunners will be funded using proceeds raised from the Offer for Sale.

4.10 DETAILS OF THE UNDERWRITING AND PLACEMENT

4.10.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Managing Underwriter and the Joint Underwriters to jointly underwrite 271,469,300 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

The total of 271,469,300 Issue Shares to be jointly underwritten by the Managing Underwriter and Joint Underwriters represents the total number of Issue Shares to be issued pursuant to the Retail Offering, comprising the Restricted Offering and Issue Shares reserved for application by the Malaysian Public and after excluding subscription commitments by LTAT and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin pursuant to the Undertaking Letters.

Subject to certain conditions precedent set out in the Retail Underwriting Agreement, AFFIN Investment has agreed to underwrite 146,469,300 Issue Shares, AmInvestment Bank Berhad and Maybank Investment Bank Berhad each has agreed to underwrite 43,750,000 Issue Shares, CIMB Investment Bank Berhad and RHB Investment Bank Berhad each has agreed to underwrite 15,625,000 Issue Shares and HwangDBS Investment Bank Berhad has agreed to underwrite 6,250,000 Issue Shares.

Details of the underwriting commission are set out in Section 4.9.2 of this Prospectus, whilst the salient terms of the Retail Underwriting Agreement are set out below:

(i) the obligations of the Managing Underwriter and each Joint Underwriter under the Retail Underwriting Agreement are several and not joint (nor joint and several). The failure of any Joint Underwriter to perform such obligations shall not:

  (a) relieve any of the other parties of any of their respective obligations and liabilities under the Retail Underwriting Agreement;

  (b) cause any other Joint Underwriters to be responsible for any liability whatsoever; and

  (c) nothing in the Retail Underwriting Agreement shall be construed as constituting and evidencing a partnership among the Joint Underwriters or any of them;

(ii) save for specific instances when the decision of the Managing Underwriter shall bind all the Joint Underwriters, the rights of each Joint Underwriter under the Retail Underwriting Agreement are also several and not joint (nor joint and several).

(iii) certain provisions may allow the Joint Underwriters to withdraw from their underwriting commitment at any time before the date of Listing, including (but not limited to) the non-satisfaction of the conditions precedent contained therein and the occurrence of certain specified events, namely:

  (a) there shall have been a breach by our Company of any of the representations and warranties contained in the Retail Underwriting Agreement;

  (b) there shall have been a breach by our Company of any of the covenants or obligations contained in the Retail Underwriting Agreement;

  (c) the Placement Agreement (referred to in Section 4.10.2 of this Prospectus), lock-up arrangements (referred to in Section 4.10.3 of this Prospectus) or any one or more of them, shall have been terminated in accordance with their terms or any of the parties thereunder shall have failed to perform their obligations thereunder;

  (d) SC or Bursa Securities suspends or revokes any approval for the IPO or makes any ruling (or revokes any ruling previously made), the effect of which is to prevent the Listing;

(e) trading of all securities on the Bursa Securities has been suspended for three consecutive Market Days or materially limited on, or by Bursa Securities, as the case may be;

(f) there shall have been announced or carried into force any new law or regulation or change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Managing Underwriter and the Joint Underwriters may prejudice the success of the IPO or the Listing or which would have or the effect of making it impracticable to enforce contracts to allot and/or transfer the Shares or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;

(g) there shall have been any other material adverse change, or any development involving a prospective material adverse change, in national or international monetary, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market or currency exchange rates or foreign exchange controls), political, legal, regulatory, taxation, industrial or economic conditions which in the reasonable opinion of the Joint Underwriters is likely to have a material adverse effect)(whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

(ga) on or after the date of the Retail Underwriting Agreement; and

(gb) prior to the date of Listing,

lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

(h) our Company withholds any material information from the Managing Underwriter and the Joint Underwriters, which, in the opinion of the Managing Underwriter, is likely to have a material adverse effect;

(i) there shall have occurred any outbreak or escalation of hostilities, epidemic, acts of terrorism, acts of God, accidents or interruptions, or any calamity or crisis or other event or series of events in the nature of force majeure that, in the judgment of the Managing Underwriter and the Joint Underwriters, which would have a material adverse effect and which, singly or together with any other event specified in (g) above, makes it, in the judgment of the Managing Underwriter and Joint Underwriters, impracticable or inadvisable to proceed with the issuance and transfer of Issue Shares on the terms and in the manner contemplated in the Prospectus and the Application Forms, or will have the effect of making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;

(j) any government requisition or other occurrence of any nature whatsoever which would affect the business, operations, financial condition or prospects of our Group or the success of the IPO;

(k) the Listing does not take place by 10 July 2014 or such other extended date as may be agreed by our Company and the Managing Underwriter;

(l) any commencement of legal proceedings or action against any member of our Group or any of their directors, which in the opinion of the Managing Underwriter and the Joint Underwriters, would have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer the Shares;

(m) any of the required approvals referred to in the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a material adverse effect;

(n) the IPO is stopped, delayed or cancelled by our Company for any reason whatsoever (unless such delay has been approved by the Managing Underwriter);

(o) the date the IPO Shares are allotted and issued, and transferred, or otherwise credited to the successful applicants pursuant to the IPO does not occur within 10 Market Days of the closing date of the Retail Offering or such other extended date as may be agreed in writing by the Managing Underwriter; or

(p) admission to trading of the Shares on Bursa Securities has not been completed by 9:00 am (Kuala Lumpur time) on 10 July 2014 (or such later date as is agreed between our Company and the Managing Underwriter).

4.10.2 Placement

We and the Selling Shareholder will enter into the Placement Agreement with the Joint Global Coordinators and the Joint Bookrunners in relation to the placement of 163,570,500 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Section 4.3.3 and Section 4.3.4 of this Prospectus, respectively. We and the Selling Shareholder will be requested, on several basis, to give various representations, warranties and undertakings, and to indemnify the Joint Global Coordinators and the Joint Bookrunners against certain liabilities in connection with the IPO.

4.11 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, the IPO Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers for or purchasers of the IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain the Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List of the Main Market of Bursa Securities;

(v) to facilitate a rectification of any error; or

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 11 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in the Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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Our operations are subject to the legal, regulatory and business environment in Malaysia as well as in other countries that may impact on the palm oil sector. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us and/or our Shares.

5.1 RISKS RELATING TO OUR INDUSTRY

5.1.1 Inherent business risks in the plantation industry may affect our business

We are subject to risks inherent to 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, downturns in the global, regional and national economies, the entry of new players into the market, changes in law and tax regulations affecting palm oil, increases in labour and/or other production costs, claims and disputes involving local natives on the land in which we operate and changes in business and credit conditions.

Our ability to mitigate these risks depends on various factors, including our ability to keep abreast of the latest technologies related to planting materials, disease prevention and plantation operations, and other developments in the industry, as well as our ability to effectively implement business strategies. For example, while we deploy new planting materials, including oil palm clonal seeds, issue culture ramets and compact palms developed in-house through our collaboration with AA Resources with the aim of increasing oil yield and FFB yield per Ha, various risks in the plantation industry may cause us not to achieve the desired results, as may be brought about by, for example, adverse changes in climate patterns. There can be no assurance that we will be able to successfully mitigate the various risks of the plantation industry, or that we will be successful in implementing our strategies. If we are unable to do so, our business, financial position, results of operations and prospects would be materially and adversely affected.

5.1.2 Local and international commodity prices fluctuate based primarily on local and international market conditions, and will affect the prices of FFB, CPO and PK

Movements in CPO prices influence the prices of FFB. As with the price of other commodities, CPO prices are characterised by a high degree of volatility and cyclicality. The highest and lowest monthly average closing prices for CPO prices (local delivered) published by MPOB for the year 2011, 2012, 2013 and January 2014 to March 2014 are as follows:

Year	High	Low
	RM/MT	RM/MT
2011[(1)]	3,811.00	2,838.50
2012[(2)]	3,480.50	2,052.00
2013[(3)]	2,574.50	2,221.00
2014[(4)] – January to March	2,855.00	2,528.50

Notes:

(1) In 2011, CPO prices have fluctuated from a monthly average of RM3,811 per MT in February 2011 to a monthly average of RM2,838.50 per MT in October 2011.

(2) *In 2012, CPO prices have fluctuated from a monthly average of RM3,480.50 per MT in April 2012 to a monthly average of RM2,052 per MT in December 2012.*

(3) *In 2013, CPO prices have fluctuated from a monthly average of RM2,221.00 per MT in January 2013 to a monthly average of RM2,574.50 per MT in December 2013.*

(4) *In 2014, CPO prices have fluctuated from a monthly average of RM2,528.50 per MT in January 2014 to a monthly average of RM2,855.00 per MT in March 2014.*

Local and international prices for CPO are affected by a number of factors, including the following:

(i) the price of crude oil, which impacts the prices of biofuels, which in turn impact the price of CPO;

(ii) the supply and demand levels for CPO and those for substitute oils, particularly soy oil;

(iii) global production levels and physical stocks of CPO and other vegetable oils, which tend to be affected principally by global weather conditions and the area of land under cultivation, which in turn is affected by competition with other plantation companies and non-traditional players to procure suitable plantation land;

(iv) global consumption levels of CPO and other vegetable oils;

(v) developments in the Malaysian, Indonesian, regional and global economic and political situations;

(vi) foreign exchange rates;

(vii) import and export duties and other taxes; and

(viii) Government regulations.

A significant and prolonged reduction in the prices for FFB, CPO and palm oil-based products would have a material adverse effect on our results of operations and cash flows.

5.1.3 We face competition from other producers of palm oil and substitute oils

The palm oil industry is highly competitive and includes a large number of producers globally. Many of the palm oil producers are from Malaysia and Indonesia, which are the largest producing nations of palm oil and refined palm oil-based products in the world. In 2012, Malaysia produced approximately 18.8 million MT of palm oil, or 35% of global production, and Indonesia produced approximately 26.3 million MT, or 50% of global production[1]. As a result, our primary competitors are other Malaysian, as well as Indonesian, palm oil producers.

Palm oil-based products are commodities, and the primary competitive factor in the palm oil industry is price. In recent years, Indonesian producers of palm oil-based products have become major competitors to Malaysian producers for a variety of reasons affecting the relative competitiveness of the palm oil-based products of the two countries in international markets, including the following:

(i) the production costs, including labour and other operating costs, are lower in Indonesia than in Malaysia;

[1] *Global palm oil production figures for the year 2013 has not been publicly released and therefore, the figures for the year 2012 have been maintained.*

(ii) Indonesia, the world's biggest palm oil producer, has since October 2011, widened the gap between the CPO and refined export taxes to encourage more downstream investment and production of refined palm products in Indonesia. As a result, CPO and CPKO are cheaper for downstream producers there, which results in Indonesian refiners having a cost advantage in their domestic CPO purchases, refining margins and costs related to the production of refined palm oil-based products. While we are not directly affected by the Indonesian export duty structure on CPO, we are indirectly affected by any downward pressure in Malaysian CPO prices which may be induced by increasing CPO stockpiles, should the relevant export tax differential between Malaysia and Indonesia result in diminishing competitiveness of Malaysian downstream producers; and

(iii) Indonesia has more land available for oil palm plantations than Malaysia.

Based on the current regulatory environment in Malaysia, these factors affecting price and margins have a significant impact on competition and would negatively impact our ability to compete effectively against Indonesian producers.

The palm oil industry also faces competition from other edible oils, such as soy oil, canola oil and sunflower oil, which are substitutes for palm oil. The United States, Europe, China, India, Brazil and Argentina are all large producers of edible oils. A decline in the price of these other edible oils may cause consumers to increase their use of these other edible oils in place of palm oil, which in turn could have a material adverse effect on our business, financial condition and results of operations.

5.1.4 Our production and supply of FFB may be adversely affected by weather conditions, natural disasters and other factors that affect our sales

The following factors, most of which are outside our control, may affect the production and supply of FFB:

(i) Local and global weather patterns

Overly dry or wet weather conditions can potentially induce tree-stress, leading to lower supplies of FFB. Insufficient rainfall causes oil palm to produce fewer flowers which develop into FFBs and may delay fertilising schedules. Heavy rainfalls may cause the condition of the terrain on our plantation estates to be slippery or soft, thereby making it difficult for our workers to access our plantation estates and harvest our FFBs. Additionally, continuous torrential rain may lead to flooding especially in areas near riverbanks, and subsequently delay FFB harvesting. In 2009, the seasonal El Nino phenomenon which occurred from June 2009 to April 2010 caused prolonged dry weather conditions in Malaysia, resulting in lower FFB yields in 2009 and 2010. On the other hand, the La Nina phenomenon which hit Malaysia in July 2010 brought heavy rainfall and monsoon flooding and resulted in limited FFB harvesting activities and consequently FFB supplies.

(ii) Stringent environmental and conservation regulations

Changes in environmental and conservation regulations can impact the operations of industry players. Malaysian Government agencies have the power to take action against industry players for failure to comply with their environmental regulations, including the imposition of fines and revocation of licenses. The imposition and enforcement of stringent environmental and conservation regulations in Malaysia can potentially impact planting activities, and consequently the supply of FFBs.

(iii) Natural disasters

Natural disasters, especially floods, impact FFB harvesting activities and can lead to lower FFB supplies. Flooding can limit FFB harvesting, particularly in areas near riverbanks, and disrupt the supply of palm oil in the short term.

(iv) Diseases or crop pests

Diseases and pests can cause lower FFB yields, and in extreme cases, these attacks could destroy large areas of oil palm crops. Fungal diseases such as 'ganoderma basal stem rot', 'fusarium' and 'fatal yellowing' as well as bacteria-related diseases such as 'endophytic bacteria' are examples of diseases that typically infect oil palm crops while pests that attack oil palm crops include rats, squirrels and 'rhinoceros beetles'.

The external factors above may cause disruption or reduction in the production and supply of FFB, which may in turn adversely affect our sales, margins and results of operations.

5.1.5 Current and future consumer trends and preferences may reduce the demand for vegetable oils, including for CPO and other palm oil-based products

Demand for CPO and other palm oil-based products has, in the past, and may, in the future, be affected by campaigns brought by environmental groups, such as Greenpeace International and the World Wide Fund for Nature (formerly known as the World Wildlife Fund). These environmental groups have raised concerns that oil palm plantations result in the destruction of large areas of tropical forests and wildlife habitats, and have campaigned to promote sustainable oil palm cultivation and environmentally friendly practices on oil palm plantations.

Should changing consumer preferences reduce the demand for CPO and other palm oil-based products, including as a result of environmental concerns, our business, financial condition and results of operations may be materially and adversely affected.

5.1.6 We may be adversely affected by changes in the perception of the climate change costs and benefits connected with palm oil production and the use of biofuels

Growth in the palm oil industry is expected to be driven in part by expansion of demand for biofuels as part of an effort to lower global greenhouse gas emissions. However, environmental non-governmental organisations have challenged the sustainability of growth in palm oil production and whether the climate change benefits from biofuels outweigh the perceived environmental costs of increased palm oil production. It is likely that there will be continued pressure for plantations to demonstrate sustainable practices and for palm oil processors to demonstrate sustainable sourcing. It is also possible that there may be increasing limitations placed on the operation of the palm oil industry as a result of legislation in producer or customer nations and the internal environmental policies of customer companies.

Accordingly, there can be no assurance that restrictions on the expansion of the palm oil industry will not be imposed or that there will be a rise in demand for palm oil as a result of climate change concerns and the demand for biofuels.

5.2 RISKS RELATING TO OUR BUSINESS

5.2.1 Failure to improve our plantation yield could adversely affect our profitability

The yield for oil palm plantation is generally dependent on the age profile, planting materials, diseases or crop pests that affected the oil palm, terrain, weather and soil characteristics of the area in which our plantations are located as well as the availability of labour and the social structure of the local community surrounding our estates.

For the past three consecutive financial years, our Group's estates in Peninsular Malaysia have been generating higher FFB yield compared to the average industry yield in Peninsular Malaysia, as evidenced in the following:

	Annual FFB yield (MT per Ha) for the FYE 31 December		
	2011	**2012**	**2013**
Peninsular Malaysia	20.1	20.9	19.9
*Peninsular Malaysia: MPOB benchmark**	19.2	19.1	19.3
Sabah	17.2	16.9	17.3
*Sabah: MPOB benchmark **	22.3	20.4	20.9
Sarawak	13.2	13.6	11.4
*Sarawak: MPOB benchmark **	16.8	16.5	16.2
Overall Group	17.0	17.4	16.5
*National: MPOB benchmark **	19.7	18.9	19.0

* *Source: MPOB*

However, our Group's estates in Sabah and Sarawak have been generating lower FFB yields compared to the average industry yield in Sabah and Sarawak, respectively.

In Sabah, this is attributable to the higher proportion of oil palms exceeding 20 years of age, amounting to approximately 23.1% of our Group's planted area in Sabah. The difficulty in our sourcing of skilled labour to harvest FFB from taller oil palms, has led to the lower FFB yields from our estates in Sabah.

In Sarawak, the combination of geographical and social factors has resulted in our Sarawak FFB yield being lower than industry average. Geographically, our estates in Sarawak experience high rainfall and feature hilly terrains, which in certain sloping areas, inhibit dense planting and increase the risk of palm oil casualty from land slide during rainy season. Socially, we also experience disruptions in FFB harvesting arising from unforeseen legal claims in our plantation area and unauthorised harvesting of FFBs as set out in Section 5.2.3 and Section 5.2.6 above as well in Section 7.14 of this Prospectus.

We cannot assure that the challenges faced in our affected estates in Sabah and Sarawak can be quickly resolved in the near future.

5.2.2 We rely on foreign workers

Like many Malaysian plantation companies, we rely to a significant extent on foreign workers, primarily from Indonesia, for our plantation operations. As at the LPD, we employed a total of approximately 6,200 foreign estate workers on a permanent and contract basis, representing approximately 63% of the total personnel required in our estates and mill. As the standard of living in Malaysia improves over time, we have found it increasingly difficult to hire Malaysian production workers for our plantation operations, and this difficulty may increase in the future. Currently, we obtain at least three-year work permits for our Indonesian workers, which may be renewed on a yearly basis. We must apply to the Ministry of Home Affairs of Malaysia to issue the necessary work permits, and a similar application is made simultaneously to the Indonesian Embassy in Malaysia. If visa policies in Malaysia or Indonesia were to change in any way so as to make it more difficult for us to maintain a sufficient foreign labour workforce, our business, results of operations and financial condition would be materially and adversely affected. In addition, the expansion of plantation operations in Indonesia has increased competition for Indonesian workers, resulting in increased wages that we must pay to foreign workers and, accordingly, increased operating costs for our plantations.

5.2.3 There are legal claims on certain lands on which we operate

Our Group has experienced certain land disputes by natives claiming that they hold native customary rights in our estates in Sarawak, in particular involving NCR lands measuring 1,050 Ha, situated in Sg. Kelimut, Kanowit District ("**Block D1**"), which is within Kelimut Estate and Maong Estate. As at the LPD, B Kanowit has developed approximately 14,064 Ha of the 24,000 Ha of NCR land into oil palm plantations ("**B Kanowit Plantation**").

On 30 April 2012, the Sibu High Court had allowed the natives' claim and on 3 May 2012, we had filed a Notice of Appeal to Sibu High Court Registry to appeal against Sibu High Court's said decision. As at the LPD, the ultimate outcome of the said appeal is still pending, as the Court of Appeal had on 11 February 2014 reserved judgement to a date to be fixed. Should our appeal be unsuccessful, our Group would be required to surrender lands held under Block D1 back to the natives. The expected loss arising from such eventuality is the loss on the prepaid land lease and biological assets attributable to Block D1 of approximately RM15 million. B Kanowit will no longer be able to recognise the revenue from Block D1, which would be approximately RM3.6 million based on the management financial statements of B Kanowit for the FYE 31 December 2013.

Should the ultimate outcome result in the extinguishing of our Group's rights over the entire B Kanowit Plantation, the expected loss will comprise the prepaid land lease and biological assets attributable to the entire B Kanowit Plantation of approximately RM217.0 million as well as the loss of yearly profits. For the FYE 31 December 2013, B Kanowit recorded losses after tax of approximately RM11.7 million and had NA of RM67.4 million as at 31 December 2013.

Even if we succeed in our court appeal, there can be no assurance that there will not be other claims of a similar nature involving NCR land matters in other areas within B Kanowit's estates and/or other subsidiaries within our Group.

Further information on the abovementioned legal claim is set out in Section 15.5 of this Prospectus.

5.2.4 We may not be able to successfully acquire new plantation land

We have previously expanded our plantation estates through acquisitions and joint ventures. We may seek to grow our plantation assets in similar ways in the future, as well as by embarking on undeveloped plantation lands or entering into new partnerships.

We may face difficulty in identifying and acquiring new matured plantation land with prime yielding trees in view of its scarcity and high market prices and we may also not be able to secure opportunities to jointly acquire and manage such plantation lands with land owners on commercially viable profit sharing terms.

In the event that we are successful in identifying feasible plantation assets for acquisition and/or are able to secure an opportunity to enter into a joint venture arrangement to acquire and manage such plantation assets, our future acquisitions, joint ventures or partnerships may require us to make significant cash investments, issue shares or incur substantial debt. In addition, these acquisitions, partnerships or joint ventures may require significant attention from our management, which may stretch our managerial resources and disrupt our existing business. Further, any acquisition, joint ventures or partnerships could entail a number of additional risks, including, higher cost arising from competition for target assets, increased issues with regulatory and compliance requirements, problems with effective integration of operations, limited influence or obligations as well as the inability to retain key personnel. Any of these risks could adversely affect our business, financial condition and results of operations.

5.2.5 Our borrowings and gearing levels may increase as a result of future potential acquisitions of plantation assets, hence potentially affecting our financial performance

As at 31 December 2013, our total borrowings on a pro forma basis are approximately RM977.4 million, which translates to a gearing of 0.42 times, based on our pro forma shareholders' funds of approximately RM2.35 billion. In the event that our Group identifies additional feasible plantation estates for acquisition after we have fully utilised our IPO proceeds earmarked for the acquisition of plantation assets, we may finance such future acquisitions through additional borrowings which may result in our gearing level to increase.

There can be no assurance that any plantation estates that our Group may acquire can generate sufficient income to improve our Group's profitability to enable us to meet our Group's financial obligations, which includes servicing our Group's borrowing costs.

The growth and success of our Group depends on our ability to identify and acquire earnings-accretive, mature plantation estates. As such, we will properly conduct financial, operation and legal due diligence in connection with future acquisition of plantation estates, to ensure that we acquire earnings-accretive, mature plantation land. Such due diligence will involve, amongst others, assessing the earnings potential to be derived from the plantation estates, age profile of the oil palm trees, any capex to be incurred.

In addition to the above, we will also continue to review and assess our current financial position and gearing level in order to gauge our ability to undertake such future acquisition of plantation estates.

5.2.6 We may face operational disruptions arising from conflicts with local communities

The establishment of oil palm plantations will have an impact on local communities, which may include reallocation of land and resources and displacement of people and settlements.

Our Group has experienced several conflicts and disputes with certain local communities in Sarawak, particularly in certain areas of our estates under B Kanowit and B Tinjar relating to NCR claims giving rise to encroachment, trespassing and unauthorised harvesting of FFBs in pockets of our Group's estates in Sarawak.

Kelimut Estate, Maong Estate and Bukit Limau Estate had experienced disruptions in their operations arising from unauthorised harvesting and pilferage of FFBs which escalated since the year 2009. The total estimated value of crop loss arising from unauthorised harvesting of FFB and field blockades by certain local natives in the Kelimut Estate, Maong Estate and Bukit Limau Estate in 2013 was approximately RM9.1 million based on an estimated FFB tonnage lost of approximately 21,345 MT.

While efforts have been taken to increase the security measures in the areas affected by unauthorised FFB harvesting, there can be no assurance that we are able to eliminate the practice of unauthorised harvesting in B Kanowit's and B Tinjar's plantations and field blockades in the near future.

As our ability to harvest FFBs from areas with disputed NCR land claims is highly dependent upon the legal outcome and/or resolution of the said land disputes, our Group is taking a conciliatory approach towards resolving unauthorised harvesting in our estates pending the settlement of any legal proceedings thereto.

For further details, see Section 7.14 of this Prospectus.

5.2.7 Reliance on the experienced management personnel

We believe that our continued success will depend, in part, on the abilities, skills, experience, competency and continuous efforts of our key management team as disclosed in Section 9 of this Prospectus as well as other management and technical personnel, each of whom could be difficult to replace without the development of succession planning.

Any significant or sudden loss of the services of our experienced management and technical personnel without suitable and timely replacement or our inability to attract and retain qualified and skilled personnel may have an adverse effect on our Group's business operations.

We continuously strive to groom and develop younger members of our work force to gradually assume greater responsibilities in preparation for our long-term future expansion and furtherance of our succession planning. To ensure continuity in leadership and access to qualified talent pool, we have put in place management succession plans and training programmes to reduce dependency on senior management and key personnel, as set out in Section 9.2.8 of this Prospectus.

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5.2.8 Our pro forma consolidated statement of financial position, statements of comprehensive income and statement of cash flows included in this Prospectus may not be indicative of our future financial position, results of operations and cash flows

The pro forma consolidated statements of comprehensive income set out in Section 12.4 of this Prospectus represents the combined financial information of BPB and BREIT for the FYE 31 December 2011, 31 December 2012 and 31 December 2013 were prepared on the basis that the SUR Exercise was completed as of 1 January 2011. Additionally, the pro forma consolidated statement of financial position and the pro forma consolidated statement of cash flows for FYE 31 December 2013 as set out in Section 12.4 of this Prospectus were prepared as if the SUR Exercise was completed as of 31 December 2013 and 1 January 2013, respectively. The abovementioned pro forma financial statements were based on the assumptions disclosed in the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information as set out in Section 12.4 of this Prospectus.

Our historical financial information as set out in Section 12.4 of this Prospectus may not be indicative of our Group's future financial position due to differing underlying business factors before and after the IPO such as the management, tax and cost structure of our Group. For example, for the purpose of the preparation of pro forma consolidated statements of comprehensive income, BREIT is assumed to form part of our Group prior to 1 January 2011. Therefore, it is assumed that BREIT will not be eligible for the tax exemption granted under Section 61A(1) of the Income Tax Act 1967 for the FYE 31 December 2011 to 2013 and we had imputed an estimated income tax for BREIT at the rate of 25%. This differs from the audited financial information of BREIT for FYE 31 December 2011 to 31 December 2013, whereby prior to the BREIT Privatisation, BREIT was still exempted from taxation since its establishment under the Trust Deed as a real estate investment trust on 11 December 2006.

Hence, our historical audited financial statements which form the basis for the pro forma consolidated statement of financial position, statements of comprehensive income and statement of cash flows included in this Prospectus do not reflect the financial effects relating to management decisions and associated risk implications which may otherwise have materialised if our Group was operating in its current structure in the past.

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5.2.9 Funding, especially on terms acceptable to us, may not be available to meet our future capital needs

Our ability to obtain external financing and to make timely repayments of our debt obligations are subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysian economy and the markets for our products, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans. We cannot assure you that any required additional financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business, financial condition and results of operations.

5.2.10 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. For example, we do not maintain insurance against losses at our oil palm plantations as a result of fires or natural disasters. Further, we do not insure most of our assets against war, terrorism or sabotage. Moreover, we will be subject to the risk that in the future we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

5.2.11 We may be exposed to costs arising from compliance with environmental and health and safety regulations and may be exposed to liabilities if we fail to comply with these regulations

We are subject to various health and safety and environmental laws and regulations in Malaysia. These include requirements related to the emission and discharge of hazardous materials into the ground, air or water from our facilities, safety and integrity of our mills, solid waste management and emergency planning. As these laws and regulations become more stringent, they may require us to purchase and install new or additional pollution control equipment or to make operational changes to limit actual or potential impacts on the environment or the health of our employees. Our principal environmental concerns relate to land and forest clearance for plantation development and emission and discharge from our palm oil mills.

Any health and safety or environmental claims or the failure to comply with any present or future regulations could result in the assessment of damages, the imposition of fines, criminal sanctions or the suspension or cessation of our facilities and operations.

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5.2.12 If we are not able to renew or maintain the approvals, licences, permits and certificates required to operate our business, this may have a material adverse effect on our business

We require various approvals, licences, permits and certificates to operate our business and facilities. We may be required to renew these approvals, licences, permits and certificates or to obtain new approvals, licences, permits and certificates. For a more detailed description of our material licences, permits and approvals, see Annexure A of this Prospectus. While we have not experienced any significant difficulty in renewing and maintaining our approvals, licences, permits and certificates, we cannot assure you that in the future the relevant authorities will issue or renew any required approvals, licences, permits or certificates in a timely manner or at all. Failure by us to renew, maintain or obtain the required approvals, licences, permits and certificates may interrupt our operations or delay or prevent the implementation of any capacity expansion or other new projects and may have a material adverse effect on our business, financial condition and results of operations.

5.2.13 We may be subject to various potential litigation risks associated with our operations

We may be subject to various litigations from time to time in respect of our plantation and milling businesses. Disputes and legal proceedings in which we may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. The defence of any such claims and any associated settlement costs can be substantial, even with respect to claims that have no merit. In addition, adverse judgments arising from litigation could result in restrictions or limitations on our operations or result in a material adverse impact on our reputation or financial condition. Due to the inherent uncertainty of the litigation and dispute resolution process, there is no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on our future cash flow, results of operations or financial condition.

5.2.14 Restrictions in respect of category of land use and/or express conditions

While most of the land titles of our plantation assets permit the cultivation of oil palm, some of the land titles carry express conditions that the lands are to be used for, amongst others, cultivation of rubber and coconut, village, paddy field and livestock farming. We have made the necessary applications to the relevant land authority to change the category of land use and/or express conditions imposed on the relevant land titles of our plantations assets to agriculture and/or cultivation of oil palm, in which the approvals from the relevant authorities are still pending as at the LPD. We are in the process of submitting the necessary applications to the relevant authorities for the change of land use for Chamek Estate and Balau Estate by 30 June 2014 and 31 December 2014 respectively. If any of the relevant authorities does not grant its approval for any of the said applications, we shall appeal against such decision, which may result in the imposition of additional premium and/or increase in quit rent as condition for the approval by the said relevant authority.

5.2.15 We are controlled by BHB, whose interests may not be aligned with those of our other shareholders

Upon the successful completion of our IPO, BHB will own up to 59% of our enlarged and issued paid-up share capital and will be our controlling shareholders. As our controlling shareholders, other than in respect of certain votes regarding matters in which it is an interested party and must abstain from voting under the Bursa Securities LR, BHB will be able to influence the approval of any corporate proposal or transaction requiring a shareholders' resolution under the Act. This includes the approval of all final dividends and the appointment of directors. There can be no assurance that the interests of BHB will be aligned with those of our other shareholders.

5.2.16 Failure to improve efficiencies in our production in a highly competitive market could adversely affect our profitability

We face a number of operational risks at our plantation estates and mills. Outages or extended downtime at our mills could cause us to be unable to process our harvested FFBs, either at all or within a short period of time, which could lead to a loss of product or diminished product quality. These mills may require unscheduled downtime or unanticipated maintenance, which would reduce our revenues and increase our costs during the affected period. Similarly, our plantation estates are also subject to a number of risks, including third party interference, disruption of utility services and mechanical failure of harvesting equipment or transportation vehicles.

Our future success and earnings growth depend in part on our ability to be efficient in the production of our products in a highly competitive market. Improving efficiency may become more difficult over time. Failure on our part to reduce costs through productivity gains could adversely affect our profitability and weaken our competitive position. Productivity initiatives that we may implement could involve complex reorganisation of our FFB production and mill operations. Such realignment of operations may result in the interruption of production, which may negatively impact our production volume and margins.

5.2.17 Significant or prolonged disruptions to the production, storage and distribution facilities, transportation infrastructure or modes of transportation that we use could have an adverse effect on us

Our business is highly dependent on production, storage and transportation services to ensure smooth operations. The production, storage and distribution facilities, as well as transportation infrastructure and modes of transportation that we use are subject to being partially or completely shut down, temporarily or permanently, as a result of a number of circumstances, such as adverse weather conditions, catastrophic events, environmental remediation, equipment or machinery breakdowns, strikes, lock-outs or other events. Damages to any of these facilities, any significant or prolonged interruption at these facilities or inability to transport products to or from these facilities for any reason would create a bottleneck in the flow of our business operations and impact our ability to serve our customers. If we experience disruptions or interruptions of these types and are unable to quickly identify and resolve them, our reputation, business, financial position and results of operations could be adversely affected.

5.3 RISKS RELATING TO OUR SHARES

5.3.1 There has been no prior market for our Shares and the offering of our Shares may not result in an active liquid market for our Shares

There has been no prior market for our Shares, and there is no assurance as to the liquidity of any market that may develop for our Shares after our Listing, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares. None of us, the Promoter, the Selling Shareholder and the Joint Bookrunners have an obligation to make a market for our Shares.

Application has been made to Bursa Securities for our Listing. On 29 April 2014, we obtained the approval of Bursa Securities for the Admission and the Listing, and it is expected that there will be an approximate 11-Market Day gap between the closing of the Retail Offering and trading of our Shares. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities markets, our industry or us during this period that would adversely affect the market price of our Shares when they begin trading.

5.3.2 Our Share price may be volatile

The market price of our Shares could be affected by numerous factors, including:

(i) general market, political and economic conditions;

(ii) trading liquidity of our Shares;

(iii) differences in our actual financial and operating results and those expected by investors and analysts;

(iv) changes in earnings estimates and recommendations by financial analysts;

(v) changes in market valuations of listed shares in general or shares of companies comparable to ours;

(vi) perceived prospects of our business and the Malaysian palm oil market;

(vii) changes in government policy, legislation or regulation; and

(viii) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Institutional Price or the Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that have affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that are often unrelated to the operating performance of these companies. There is no assurance that the price and trading of our Shares will not be subject to fluctuations.

5.3.3 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

(i) we are unable to meet the minimum public spread requirement as determined by Bursa Securities, that is, having at least 25% of our issued and paid-up share capital in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point our Listing; or

(ii) we are not able to obtain the approval of Bursa Securities for our Listing for whatever reason.

In such an event, investors will not receive any IPO Shares, and we will be liable to return in full all monies paid in respect of any application for the IPO Shares. If such monies are not paid within 14 days after we become liable to repay it, then, pursuant to sub-section 243(2) of the CMSA, we will become liable to repay the monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event that our Listing is aborted and our Shares have been allotted to the shareholders, a return of monies to holders of our Shares could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

5.3.4 We may not be able to pay dividends

We propose to pay dividends out of cash generated by our operations after setting aside necessary funding for capital expenditures and working capital needs. Dividend payments are not guaranteed, and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends than we currently propose. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of the investment in our Shares may be reduced.

Further, our payment of dividends may adversely affect our ability to fund unexpected capex as well as our ability to make interest and principal repayments on any borrowings we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all. Further, in the event we incur new borrowings subsequent to our Listing, we may be subject to covenants restricting our ability to pay dividends.

Further information on our dividend policy is set out in Section 12.5 of this Prospectus.

5.3.5 We plan to use the proceeds from the Public Issue primarily for expansion of our plantation land and repayment of our loans, and you may not necessarily agree with how we use them

We may spend the proceeds from the Public Issue in ways that you may not agree with or that may not yield a favourable return to our shareholders. As set out in Section 4.8 and Section 7.5.1 of this Prospectus, even though at the time when we made the decision to acquire the new plantation lands from the proceeds of the Public Issue, we believed in good faith that the new plantation lands would be beneficial to us and maximise returns to our shareholders. However, the returns from the new plantations lands, for whatever reason, may not be realised as expected.

We plan to use the proceeds from the Public Issue primarily for expansion of our plantation land and repayment of our loans. We will have discretion as to the actual application of our proceeds, detailed further in Section 4.8 of this Prospectus, and you are providing your funds to us, upon whose judgment you must depend for the specific uses we will make of the proceeds from the Public Issue.

5.3.6 Because the Retail Price and the Institutional Price are higher than our NA value per Share, purchasers of our Shares in our IPO will experience immediate and substantial dilution, and purchasers of our Shares may experience further dilution if we issue additional Shares in the future

The Retail Price and the Institutional Price are higher than the NA value per Share. Therefore, purchasers of our Shares in our IPO will experience an immediate dilution in pro forma consolidated NA value of RM0.17 per Share assuming that the Retail Price is RM1.60 and Institutional Price is RM1.60, and our existing shareholders will experience an increase in the NA value per Share.

In order to meet our funding requirements, we may consider offering and issuing additional Shares or equity-linked securities in the future. Purchasers of our Shares may experience further dilution in the NA value per Share if we issue additional Shares or equity-linked securities in the future.

5.3.7 Forward-looking statements in this Prospectus may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and prospects of our management for future operations are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date of this Prospectus. Forward-looking statements can be identified by the use of forward-looking terminology, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any results or performance expressed or implied by such forward-looking statements.

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6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 Background and history

Our Company 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, our Company changed our name to The Kuala Sidim Rubber Company Berhad and subsequently on 12 December 1994, changed our name to Kuala Sidim Berhad. On 10 April 2004, we assumed our present name.

The principal activity of our Company is to carry on the business of an investment holding company and oil palm plantations. Our subsidiaries are principally involved in the ownership and management of oil palm plantations, cultivation of oil palm and production of oil palm products. Our associates are principally involved in agricultural and agronomic research and commercial production of planting materials. For further details of the principal activities of our subsidiaries and associate, see Section 6.2 of this Prospectus.

We were previously listed on Bursa Securities before our delisting in the year 2003, further information on which is set out under Section 7.1.1 of this Prospectus.

In conjunction with, and as an integral part of our Listing, we had implemented and completed the following corporate exercises:

BREIT Privatisation

The BREIT Privatisation comprised the following exercises:

(i) Amended Trust Deed

BREIT was established as a REIT and was constituted pursuant to the Trust Deed and was regulated by the CMSA and the REIT Guidelines.

BREIT was a unit trust scheme that invested primarily in income generating real estate assets with the main objective of providing its investors with stable distribution of income primarily from the leasing of all the plantation estates and palm oil mills held under BREIT to our Group.

The Amended Trust Deed was required to enable the corporate integration of BREIT under our Group by way of the following:

(a) the implementation of the SUR Exercise thereby converting BREIT to a private property trust with BPB being its sole beneficiary; and

(b) subsequently, to undertake the de-listing exercise pursuant to Paragraph 16.07(b) of the Bursa Securities LR which involves the withdrawal of BREIT's listing from the Official List upon 100% of the Units being held by BPB pursuant to the BREIT Privatisation.

(ii) SUR Exercise

The SUR Exercise involved the redemption of all Units held by the Unitholders of BREIT (except BPB) at RM1.94 for each Unit which was paid to all the Unitholders of BREIT (except BPB) whose names appear in the Record Of Depositors of BREIT on the BREIT Entitlement Date.

(iii) Special Dividend

The Special Dividend involved the proposal by BREIT to pay the special gross dividend of RM0.16 for each Unit that is held by the Unitholders of BREIT as a condition to the SUR Exercise. As such, the total dividend paid by BREIT was as follows:

	RM
Dividend paid to all Unitholders of BREIT	46,558,400
Divided paid to BPB	53,746,320
Total Special Dividend paid by BREIT	**100,304,720**

On 5 December 2013, the shareholders of BHB and the Unitholders of BREIT had approved the BREIT Privatisation and SUR Exercise at the extraordinary general meeting of BHB and Unitholders of BREIT's meeting respectively. In this regard, our Company now holds the entire 335,914,500 Units remaining, representing 100% interest in BREIT.

On 28 January 2014 and 29 January 2014, the payment of the Special Dividend and the SUR Offer Price was made respectively.

On 30 January 2014, BREIT was converted to a private property trust with our Company being its sole beneficiary and on 19 February 2014, the Units were removed from the Official List of Bursa Securities. As a private property trust, BREIT is no longer a collective investment scheme for the purpose of the REIT Guidelines and hence is not regulated under the CMSA and the REIT Guidelines.

6.1.2 Listing Scheme

6.1.2.1 Share Split

On 7 April 2014, our Company had undertaken the Share Split, involving the subdivision of every existing one ordinary share of RM1.00 each held in our Company into two ordinary shares of RM0.50 each in our Company, which were accrued as fully paid-up.

The BPB Shares resulting from the Share Split ranks *pari passu* in all respect with the existing shares of BPB prior to the Share Split including voting rights and rights to all dividends and other distributions that may be declared, subsequent to the date of allotment thereof.

Upon completion of the Share Split, the authorised share capital of our Company is RM2,000,000,000 comprising 4,000,000,000 BPB Shares whilst the resultant issued and paid up share capital of our Company is RM124,521,383 comprising 249,042,766 BPB Shares.

6.1.2.2 Bonus Issue

On 7 April 2014, our Company had undertaken the Bonus Issue involving the issuance of 770,957,234 Bonus Shares which were credited as fully paid-up, on the basis of approximately 3.1 Bonus Shares for every one BPB Share held after the Share Split.

The Bonus Issue was effected by way of capitalisation of approximately RM208,038,992 out of our Company's retained earnings account and RM177,439,625 out of our Company's share premium account.

The Bonus Shares rank *pari passu* in all respect with the existing BPB Shares, including voting rights and rights to all dividends and other distributions that may be declared, subsequent to the date of allotment thereof.

Upon completion of the Bonus Issue, our issued and paid up share capital increased to RM510,000,000 comprising 1,020,000,000 BPB Shares.

6.1.2.3 IPO and Listing

The final step in our Listing Scheme involves the IPO, details of which are set out in Section 4.3 of this Prospectus, and the Listing.

6.1.3 Share capital

As at the date of this Prospectus, our authorised share capital is RM2,000,000,000 comprising 4,000,000,000 Shares whilst our issued and paid-up share capital is RM510,000,000 comprising 1,020,000,000 Shares.

The changes in our issued and paid-up share capital for the past three years preceding the date of this Prospectus are as set out below:

Date of allotment/ subdivision	No. of Shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
7 April 2014	249,042,766	0.50	Share split	124,521,383
7 April 2014	770,957,234	0.50	Issued pursuant to the Bonus Issue	510,000,000

Our issued and paid-up share capital will increase to RM800,000,000 comprising 1,600,000,000 Shares following the completion of the Public Issue.

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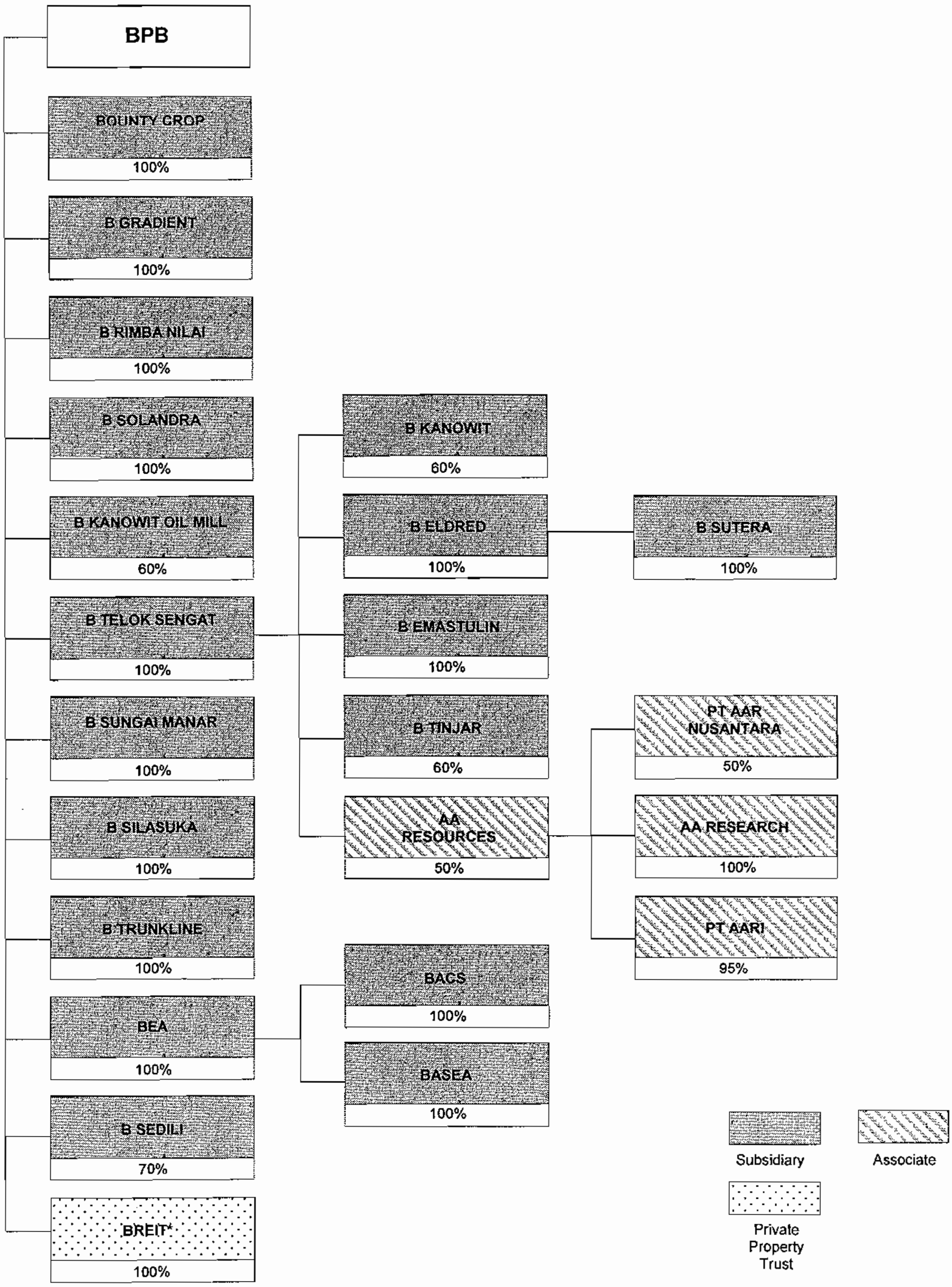
6. INFORMATION ON OUR GROUP *(Cont'd)*

6.2 SUBSIDIARIES AND ASSOCIATES

As at the LPD, our group structure is set out below:



Note:

* *Private property trust with CIMB Trustee as its trustee that holds certain plantation assets on behalf of BPB, who has sole beneficial interest in the private property trust as its sole beneficiary.*

6. INFORMATION ON OUR GROUP *(Cont'd)*

Our subsidiaries and associates as at the the date of this Prospectus are as set out below:

Name	Date and country of incorporation	Issued and paid-up share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Our subsidiaries				
Bounty Crop	27 February 1995 Malaysia	70,200,000	100	Investment holdings
B Gradient	18 July 1980 Malaysia	3,000,000	100	Cultivation and processing of oil palm
B Rimba Nilai	13 June 1995 Malaysia	100,000,000	100	Cultivation and processing of oil palm
B Solandra	8 June 1981 Malaysia	200,000	100	Cultivation of oil palm
B Kanowit Oil Mill	1 April 1996 Malaysia	30,000,000	60	Operation of oil palm mill
B Silasuka *(B Silasuka has commenced liquidation)*	15 January 1980 Malaysia	10,000,000	100	Ceased operations
B Sungai Manar	25 March 1991 Malaysia	4,500,000	100	Investment property holding
B Telok Sengat	19 January 1954 Malaysia	9,184,000	100	Cultivation and processing of oil palm and investment holding
BEA	23 February 1966 Malaysia	1,050,000	100	Providing management services to the estate and mill
B Tinjar	19 March 1988 Malaysia	49,180,000[1]	60	Cultivation and processing of oil palm
B Kanowit	25 October 1995 Malaysia	36,560,000[2]	60	Cultivation of oil palm
B Eldred	30 January 1948 Malaysia	15,000,000	100	Operation of oil palm plantation
B Emastulin	8 August 1975 Malaysia	17,000,000	100	Cultivation and processing of oil palm
B Sedili	16 July 1997 Malaysia	6,150,000	70	Cultivation of oil palm
B Trunkline	28 March 1990 Malaysia	7,000,000	100	Operation of oil palm plantation
BACS	24 March 1984 Malaysia	500,002	100	Provision of management services to estates
BASEA	9 July 1992 Malaysia	500,000	100	Investment holding

1 *Comprising 48,000,000 ordinary shares of RM1.00 each and 118,000,000 RPS of RM0.01 each.*
2 *Comprising 34,560,000 ordinary shares of RM1.00 each and 200,000,000 culmilative RPS of RM0.01 each.*

6. INFORMATION ON OUR GROUP *(Cont'd)*

Name	Date and country of incorporation	Issued and paid-up share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
B Sutera *(B Sutera has commenced liquidation)*	12 June 1959 Malaysia	4,250,000	100	Ceased operations
BREIT	11 December 2006 Malaysia	335,914,500 Units[3]	100	Property Investment
Our associates				
AA Resources	23 September 1982 Malaysia	750,000[4]	50	Provision of agronomic advisory services, the commercial production of oil palm planting materials and investment holding
AA Research	9 December 2003 Malaysia	500,000	50	Providing agronomy research services
PT AARI	10 September 2007 Indonesia	IDR12,775,000,000	50	Provide agronomic and advisory services
PT AAR Nusantara	14 May 2012 Indonesia	IDR10,000,000,000	25	Production of oil palm seeds

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3 *Private property trust with CIMB Trustee as its trustee that holds certain plantation assets on behalf of our Company as its sole beneficiary.*

4 *Comprising comprising 500,000 ordinary shares of RM1.00 each and 2,500,000 RPS of RM0.10 each.*

The details of our subsidiaries and associates as at the LPD are as set out below:

6.2.1 Our subsidiaries

(i) Bounty Crop (Company No. 334935-H)

Bounty Crop was incorporated in Malaysia under the Act on 27 February 1995 as a private limited company under its present name. Bounty Crop is principally involved in investment holdings and commenced its business on 27 February 1995.

The authorised share capital of Bounty Crop is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM70,200,000 comprising 70,200,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of Bounty Crop for the past three years preceding the LPD.

Bounty Crop is our wholly-owned subsidiary. As at the LPD, Bounty Crop does not have any subsdiary or associate.

(ii) B Gradient (Company No. 60431-X)

B Gradient was incorporated in Malaysia under the Act on 18 July 1980 as a private limited company under the name of Nasiry Plantations Sdn Bhd. On 16 December 2003, the company assumed its present name. B Gradient is principally involved in cultivation and processing of oil palm and commenced its business on 18 July 1980.

The authorised share capital of B Gradient is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Gradient for the past three years preceding the LPD.

B Gradient is our wholly-owned subsidiary. As at the LPD, B Gradient does not have any subsdiary or associate.

(iii) B Rimba Nilai (Company No. 346457-W)

B Rimba Nilai was incorporated in Malaysia under the 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. B Rimba Nilai is principally involved in cultivation and processing of oil palm and commenced its business since 2003.

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

There has been no change in the issued and paid-up share capital of B Rimba Nilai for the past three years preceding the LPD.

B Rimba Nilai is our wholly-owned subsidiary. As at the LPD, B Rimba Nilai does not have any subsdiary or associate.

(iv) B Solandra (Company No. 71453-D)

B Solandra was incorporated in Malaysia under the Act on 8 June 1981 as a private limited company under the name of Solandra Sdn Bhd. On 27 March 2004, the company assumed its present name. B Solandra is principally involved in cultivation of oil palm and commenced its business on 8 June 1981.

The authorised share capital of B Solandra is RM500,000 comprising 500,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM200,000 comprising 200,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Solandra for the past three years preceding the LPD.

B Solandra is our wholly-owned subsidiary. As at the LPD, B Solandra does not have any subsdiary or associate.

(v) B Kanowit Oil Mill (Company No. 382041-V)

B Kanowit Oil Mill was incorporated in Malaysia under the Act on 1 April 1996 as a private limited company under the name of Hexagon Hectares Sdn Bhd. On 02 March 1999, the company changed its name to Kanowit Oil Palm Mill Sdn Bhd. On 16 December 2003, the company changed its name to Boustead Kanowit Oil Mill Sdn Bhd. On 29 December 2004, the company assumed its present name. B Kanowit Oil Mill is principally involved in operation of oil palm mill and commenced its business on 1 June 2003.

The authorised share capital of B Kanowit Oil Mill is RM30,000,000 comprising 30,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM30,000,000 comprising 30,000,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Kanowit Oil Mill for the past three years preceding the LPD.

B Kanowit Oil Mill is our 60%-owned subsidiary. As at the LPD, B Kanowit Oil Mill does not have any subsdiary or associate.

The shareholders of B Kanowit Oil Mill and their respective shareholdings in B Kanowit Oil Mill as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
BPB	18,000,000	60
Pelita Holdings Sdn Bhd	12,000,000	40

(vi) B Silasuka (Company No. 54163-K)

B Silasuka was incorporated in Malaysia under the Act on 15 January 1980 as a private limited company under the name of Ladang Yeoh Kim Tian Sdn Bhd. On 1 April 1989, the company changed its name to Ladang Silasuka Sdn Bhd. On 16 December 2003, the company assumed its present name.

B Silasuka commenced its business on 15 January 1980. The company was principally involved in the cultivation of oil palm and owned the Ong Estate comprising Ladang Silasuka and Ladang Sungai Manar measuring approximately 1,501 Ha in Lahad Datu, Sabah. B Silasuka ceased operations after its disposal of the Ong Estate to Ikhtisas Sempurna Sdn Bhd in 2005.

The authorised share capital of B Silasuka is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Silasuka for the past three years preceding the LPD.

B Silasuka is our wholly-owned subsidiary. As at the LPD, B Silasuka does not have any subsdiary or associate.

B Silasuka had commenced liquidation on 22 February 2013. The liquidation of B Silasuka was part of BPB Group's plan to minimise administration costs as well as to streamline BPB Group's structure.

(vii) B Sungai Manar (Company No.214463-U)

B Sungai Manar was incorporated in Malaysia under the 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. B Sungai Manar is principally involved in investment property holding and commenced its business on 25 March 1991.

The authorised share capital of B Sungai Manar 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.

There has been no change in the issued and paid-up share capital of B Sungai Manar for the past three years preceding the LPD.

B Sungai Manar is our wholly-owned subsidiary. As at the LPD, B Sungai Manar does not have any subsdiary or associate.

(viii) B Telok Sengat (Company No. 2469-D)

B Telok Sengat was incorporated in Malaysia under the Companies Ordinances 1940 – 1946 on 19 January 1954 as a private limited company under the name of Heah Joo Seang Rubber Estates Limited. On 15 April 1966, the company changed its name to Heah Joo Seang Rubber Estates Sdn Berhad. On 11 February 2004, the company changed its name to Boustead Heah Joo Seang Sdn Bhd. On 4 January 2010, the company assumed its present name. B Telok Sengat is principally involved in cultivation and processing of oil palm and investment holding and commenced its business on 19 January 1954.

The authorised share capital of B Telok Sengat is RM15,000,000 comprising 15,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM9,184,000 comprising 9,184,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Telok Sengat for the past three years preceding the LPD.

B Telok Sengat is our wholly-owned subsidiary. The subsidiaries of B Telok Sengat as at the LPD are B Tinjar, B Kanowit, B Eldred and B Emastulin, details of which are set out in Sections 6.2.1(x), (xi), (xii) and (xiii) of this Prospectus, respectively.

The associate of B Telok Sengat as at the LPD is AA Resources, details of which are set out in Sections 6.2.2(i) of this Prospectus.

(ix) BEA (Company No. 6537-D)

BEA was incorporated in Malaysia under the Act on 23 February 1966 as a private limited company under the name of Boustead Estates Agency Limited. On 1 October 1966, the company changed its name to Barlow Boustead Estates Agency Sendirian Berhad. On 6 July 1983, the company assumed its present name. BEA is principally involved in providing management services to the estates and mill and commenced its business on 23 February 1966.

The authorised share capital of BEA is RM14,000,000 comprising 14,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM1,050,000 comprising 1,050,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of BEA for the past three years preceding the LPD.

BEA is our wholly-owned subsidiary. The subsidiaries of BEA as at the LPD are BACS and BASEA, details of which are set out in Sections 6.2.1(xvi) and (xvii) of this Prospectus, respectively.

As at the LPD, BEA does not have any associate.

(x) B Tinjar (Company No. 169338-H)

B Tinjar was incorporated in Malaysia under the Act on 19 March 1988 as a private limited company under the name of West One Corporation Sdn Bhd. On 10 September 1988, the company changed its name to Ladang Segamaha Sdn Bhd. On 21 October 1994, the company changed its name to Loagan Bunut Plantations Sdn Bhd. On 14 May 2004, the company changed its name to Boustead Pelita Plantation Sdn Bhd. On 10 June 2004, the company assumed its present name. B Tinjar is principally involved in cultivation and processing of oil palm and commenced its business on 19 March 1988.

The authorised share capital of B Tinjar is RM105,000,000 comprising 100,000,000 ordinary shares of RM1.00 each and 500,000,000 RPS of RM0.01 each and its issued and paid-up share capital is RM49,180,000 comprising 48,000,000 ordinary shares of RM1.00 each and 118,000,000 RPS of RM0.01 each.

Details of the changes to the issued and paid-up share capital of B Tinjar for the past three years preceding the LPD are as follows:

Date of redemption	No. of RPS redeemed	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
30 June 2011	8,000,000	0.01	Cash	49,420,000
1 September 2011	10,000,000	0.01	Cash	49,320,000
1 March 2012	5,000,000	0.01	Cash	49,270,000
2 April 2012	3,000,000	0.01	Cash	49,240,000

Date of redemption	No. of RPS redeemed	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
1 July 2012	3,000,000	0.01	Cash	49,210,000
1 August 2012	3,000,000	0.01	Cash	49,180,000

B Tinjar is a 60%-owned subsidiary of B Telok Sengat which in turn is our wholly-owned subsidiary. As at the LPD, B Tinjar does not have any subsidiary or associate.

The shareholders of B Tinjar and their respective shareholdings in B Tinjar as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
B Telok Sengat	28,800,000	60
Pelita Holdings Sdn Bhd	19,200,000	40

(xi) B Kanowit (Company No. 364761-H)

B Kanowit was incorporated in Malaysia under the Act on 25 October 1995 as a private limited company under the name of Epic Hectares Sdn Bhd. On 31 December 1996, the company changed its name to Kanowit Oil Palm Plantations Sdn Bhd. On 9 February 2004, the company assumed its present name. B Kanowit is principally involved in cultivation of oil palm and commenced its business on 25 October 1995.

The authorised share capital of B Kanowit is RM55,000,000 comprising 50,000,000 ordinary shares of RM1.00 each and 500,000,000 culmulative RPS of RM0.01 each and its issued and paid-up share capital is RM36,560,000 comprising 34,560,000 ordinary shares of RM1.00 each and 200,000,000 culmilative RPS of RM0.01 each.

There has been no change in the issued and paid-up share capital of B Kanowit for the past three years preceding the LPD.

B Kanowit is a 60%-owned subsidiary of B Telok Sengat which in turn is our wholly-owned subsidiary. As at the LPD, B Kanowit does not have any subsidiary or associate.

The shareholders of B Kanowit and their respective shareholdings in B Kanowit as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
B Telok Sengat	20,736,000	60
Pelita Holdings Sdn Bhd	3,456,000	10
Trustee for NCR owners – Pelita Holdings Sdn Bhd	10,368,000	30

(xii) B Eldred (Company No. 1631-D)

B Eldred was incorporated in Malaysia under the Companies Ordinances 1940 - 1946 on 30 January 1948 as a private limited company under the name of H.W. Evans and Company Limited. On 9 December 1965, the company changed its name to Boustead Trading Limited. On 15 April 1966, the company changed its name to Boustead Trading Sdn Bhd. On 21 March 1984, the company changed its name to Boustead Sales Sdn Berhad. On 10 December 1985, the company changed its name to Boustead Trading (1985) Sdn Berhad. On 24 December 2003, the company assumed its present name. B Eldred is principally involved in operation of oil palm plantation and commenced its business on 30 January 1948.

The authorised share capital of B Eldred is RM15,000,000 comprising 15,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM15,000,000 comprising 15,000,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Eldred for the past three years preceding the LPD.

B Eldred is a wholly-owned subsidiary of B Telok Sengat which in turn is our wholly-owned subsidiary. The subsidiary of B Eldred as at the LPD is B Sutera, details of which are set out in Sections 6.2.1 (xviii) of this Prospectus.

As at the LPD, B Eldred does not have any associate.

(xiii) B Emastulin (Company No. 23852-K)

B Emastulin was incorporated in Malaysia under the Act on 8 August 1975 as a private limited company under the name of Emastulin Automobile Sdn Bhd. On 19 January 2004, the company assumed its present name. B Emastulin is principally involved in cultivation and processing of oil palm and commenced its business on 8 August 1975.

The authorised share capital of B Emastulin is RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM17,000,000 comprising 17,000,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Emastulin for the past three years preceding the LPD.

B Emastulin is a wholly-owned subsidiary of B Telok Sengat which in turn is our wholly-owned subsidiary. As at the LPD, B Emastulin does not have any subsidiary or associate.

(xiv) B Sedili (Company No. 439495-K)

B Sedili was incorporated in Malaysia under the Act on 16 July 1997 as a private limited company under the name of Modenmax Sdn Bhd. On 16 December 2003, the company assumed its present name. B Sedili is principally involved in cultivation of oil palm and commenced its business on 1 October 2004.

The authorised share capital of B Sedili is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM6,150,000 comprising 6,150,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Sedili for the past three years preceding the LPD.

B Sedili is our 70%-owned subsidiary. As at the LPD, B Sedili does not have any subsidiary or associate.

The shareholders of B Sedili and their respective shareholdings in B Sedili as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
BPB	4,305,000	70
Permodalan Darul Ta'zim Sdn Bhd	1,845,000	30

(xv) B Trunkline (Company No. 195654-K)

B Trunkline was incorporated in Malaysia under the Act on 28 March 1990 as a private limited company under the name of Trunkline Petroleum Sdn Bhd. On 11 October 1996, the company changed its name to Trunkline Plantations Sdn Bhd. On 4 October 2004, the company assumed its present name. B Trunkline is principally involved in operation of oil palm plantation and commenced its business on 28 March 1990.

The authorised share capital of B Trunkline is RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM7,000,000 comprising 7,000,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of B Trunkline for the past three years preceding the LPD.

B Trunkline is our wholly-owned subsidiary. As at the LPD, B Trunkline does not have any subsidiary or associate.

(xvi) BACS (Company No. 116955-V)

BACS was incorporated in Malaysia under the Act on 24 March 1984 as a private limited company under the name of Imbak Sdn Bhd. On 10 September 1985, the company changed its name to Boustead Estates Agency (Sabah) Sdn Bhd. On 31 March 2003, the company assumed its present name. BACS is principally involved in provision of management services to estates and commenced its business on 24 March 1984.

The authorised share capital of BACS is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM500,002 comprising 500,002 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of BACS for the past three years preceding the LPD.

BACS is a wholly-owned subsidiary of BEA which in turn is our wholly-owned subsidiary. As at the LPD, BACS does not have any subsidiary or associate.

(xvii) BASEA (Company No. 244041-T)

BASEA was incorporated in Malaysia under the Act on 9 July 1992 as a private limited company under the name of Ponderose Decors Sdn Bhd. On 30 December 1992, the company assumed its present name. BASEA is principally involved in investment holding and commenced its business since 1993.

The authorised share capital of BASEA is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of BASEA for the past three years preceding the LPD.

BASEA is a wholly-owned subsidiary of BEA which in turn is our wholly-owned subsidiary. As at the LPD, BASEA does not have any subsidiary or associate.

(xviii) B Sutera (Company No. 3476-A)

B Sutera was incorporated in Malaysia under the Act on 12 June 1959 as a private limited company under the name of Muller & Phipps (Malaya) Limited. On 15 April 1966, the company changed its name to Muller & Phipps (Malaya) Sendirian Berhad. On 11 March 1977, the company changed its name to The Getz Corporation (Malaysia) Sdn Bhd. On 12 January 1983, the company changed its name to Boustead Getz Sdn Berhad. On 17 April 1984, the company changed its name to Getz Marketing Services Sdn Bhd. On 23 September 1987, the company changed its name to Boustead Sales and Services Sdn Berhad. On 10 June 2004, the company assumed its present name.

B Sutera commenced its business on 12 June 1959. The company was principally involved in the cultivation of oil palm and owned the Hing Lee Estate (currently known as Sutera Estate). B Sutera had ceased operations in 1 April 2011 after the injection of Sutera Estate into BREIT in April 2011. Sutera Estate forms part of the plantation assets pursuant to the IPO.

The authorised share capital of B Sutera is RM5,000,000 comprising 500,000 ordinary shares of RM10.00 each and its issued and paid-up share capital is RM4,250,000 comprising 425,000 ordinary shares of RM10.00 each.

There has been no change in the issued and paid-up share capital of B Sutera for the past three years preceding the LPD.

B Sutera is a wholly-owned subsidiary of B Eldred which is a wholly-owned subsidiary of B Telok Sengat which in turn is our wholly-owned subsidiary. As at the LPD, B Sutera does not have any subsidiary or associate.

B Sutera had commenced liquidation on 22 February 2013. The liquidation of B Sutera was part of BPB Group's plan to minimise administration costs as well as to streamline BPB Group's structure.

(xix) BREIT

BREIT is currently a private property trust. It was established as a REIT and was constituted pursuant to the Trust Deed and was regulated by the CMSA and the REIT Guidelines.

BREIT's principal activity was to own and invest primarily in plantation assets comprising oil palm estates and palm oil mills with the main objective of providing its investors with stable distribution of income and long term growth in net asset value per unit.

BREIT was listed on the Main Market of Bursa Securities on 8 February 2007 as an Islamic income and growth type fund.

On 5 December 2013, the Unitholders of BREIT had approved the BREIT Privatisation and the SUR Exercise at the Unitholders of BREIT's meeting. In this regard, our Company now holds the entire 335,914,500 Units remaining, representing 100% interest in BREIT.

On 30 January 2014, BREIT was converted to a private property trust with our Company being its sole beneficiary and on 19 February 2014, the Units were removed from the Official List of Bursa Securities. As a private property trust, BREIT is no longer a collective investment scheme for the purpose of the REIT Guidelines and hence is not regulated under the CMSA and the REIT Guidelines.

BREIT is a private property trust with CIMB Trustee as its trustee that holds certain plantation assets on behalf of our Company as its sole beneficiary.

6.2.2 Our associates

(i) AA Resources (Company No. 90455-D)

AA Resources was incorporated in Malaysia under the Act on 23 September 1982 as a private limited company under the name of Public Relations Management Sdn Berhad. On 11 July 1986, the company changed its name to Applied Agricultural Research Sdn Bhd. On 25 March 2004, the company assumed its present name. AA Resources is principally involved in the provision of agronomic advisory services, the commercial production of oil palm planting materials and investment holding. AA Resources commenced its business on 1 January 1983.

The authorised share capital of AA Resources is RM950,000 comprising 500,000 shares of RM1.00 each and 4,500,000 RPS of RM0.10 each and its paid-up capital is RM750,000 comprising 500,000 ordinary shares of RM1.00 each and 2,500,000 RPS of RM0.10 each.

There has been no change in the issued and paid-up share capital of AA Resources for the past three years preceding the LPD.

AA Resources is a 50%-owned associate of B Telok Sengat which in turn is our wholly-owned subsidiary. The subsidiaries of AA Resources as at the LPD are AA Research, PT AARI and PT AAR Nusantara, details of which are set out in Sections 6.2.2(ii), (iii) and (iv) of this Prospectus, respectively.

The shareholders of AA Resources and their respective shareholdings in AA Resources as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
B Telok Sengat	250,000	50
Kuala Lumpur Kepong Berhad	250,000	50

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(ii) AA Research (Company No. 636406-X)

AA Research was incorporated in Malaysia under the Act on 9 December 2003 as a private limited company under the name of Bridge Avon Sdn Bhd. On 29 March 2004, it assumed its present name. AA Research is principally involved in providing agronomy research services and commenced its business on 9 December 2003.

The authorised share capital of AA Research is RM500,000 comprising 500,000 shares of RM1.00 each and its paid-up capital is RM500,000 comprising 500,000 shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of AA Research for the past three years preceding the LPD.

AA Research is a wholly-owned subsidiary of AA Resources which is an associate of B Telok Sengat which in turn is our wholly-owned subsidiary. As at the LPD, AA Research does not have any subsidiary or associate.

(iii) PT AARI (Company Registration No. 09.01.1.74.26236)

PT AARI was incorporated in Indonesia under the Law of the Republic of Indonesia Number 40 concerning Limited Liability Companies on 10 September 2007 as a limited company under its present name. PT AARI is principally involved in providing agronomic and advisory services and commenced its business on 1 April 2008.

The registered capital of PT AARI is IDR23,496,875,000 comprising 2,575 shares of IDR9,125,000 each and its paid-up capital is IDR12,775,000,000 comprising 1,400 shares of IDR9,125,000 each.

Details of the changes to the issued and paid-up share capital of PT AARI for the past three years preceding the LPD are as follows:

Date of allotment	No. of shares alloted	Par value	Consideration	Cumulative issued and paid-up share capital
		IDR		IDR
29 November 2010	205	9,125,000	Cash	2,783,125,000
19 November 2013	1,095	9,125,000	Cash	12,775,000,000

PT AARI is a 95% owned subsidiary of AA Resources which is an associate of B Telok Sengat which in turn is our wholly-owned subsidiary. As at the LPD, PT AARI does not have any subsidiary or associate.

The shareholders of PT AARI and their respective shareholdings in PT AARI as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
AA Resources	1,330	95%
Arif Sugandi	70	5%

(iv) PT AAR Nusantara (Company Registration No. 09.03.1.01.78234)

PT AAR Nusantara was incorporated in Indonesia under the Law of the Republic of Indonesia No 25/2007 on 14 May 2012 as a limited company under its present name. PT AAR Nusantara is principally involved in the production of oil palm seeds and commenced its business on 16 July 2012.

The registered capital of PT AAR Nusantara is IDR30,000,000,000 comprising 30,000 shares of IDR1,000,000 each and its paid-up capital is 10,000,000,000 comprising 10,000 shares of IDR1,000,000 each.

There has been no change in the issued and paid-up share capital of PT AAR Nusantara since the date of incorporation.

PT AAR Nusantara is a 50%-owned associate of AA Resources which is an associate of B Telok Sengat which in turn is our wholly-owned subsidiary. As at the LPD, PT AAR Nusantara does not have any subsidiary or associate.

The shareholders of PT AAR and their respective shareholdings in PT AAR as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
AA Resources	5,000	50
KL Kepong Plantation Holdings Sdn Bhd	1,500	15
PT Perkebunan Nusantara II	3,500	35

Our Group does not have any outstanding warrants, options, convertible securities or uncalled capital as at the date of this Prospectus.

None of our Shares and shares capital in our subsidiaries were issued and allotted at a discount or have any special terms. Our issued Shares and issued shares capital in our subsidiaries are fully paid-up.

As at the date of this Prospectus, our Group is not involved in any bankruptcy, receivership or similar proceedings.

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7. BUSINESS OF OUR GROUP

7.1 HISTORY AND BUSINESS OVERVIEW

7.1.1 Overview and history of our business

We are one of the most experienced and established upstream oil palm plantation companies in Malaysia and a subsidiary of BHB, one of Malaysia's oldest and largest diversified conglomerates. Backed by BHB's presence in the plantations business, we have over 100 years of plantations industry experience and over 50 years of oil palm plantation estate management experience. We are an investment holding company and are involved in the ownership of oil palm plantations. Through our subsidiaries, we are principally involved in the ownership and management of oil palm plantations, cultivation of oil palm and harvesting of its FFBs, and the production and sale of CPO and PK. We also sell oil palm FFBs and provide palm oil mill design and consultancy services. We are also actively involved in oil palm agricultural and agronomic research through our associate company AA Resources.

Our involvement in the plantations business is carried out via our wholly-owned subsidiary, BEA, a central agency which provides a range of services such as the management of all plantation activities within our Group, plantation advisory services for oil palm and rubber crops, plantation engineering services, marketing of plantation produce and agronomic research.

We own, co-own and lease a total of 41 oil palm plantation estates and 10 palm oil mills in Malaysia with 20 plantation estates in Peninsular Malaysia, 12 in Sabah and 9 in Sarawak. We own and operate four palm oil mills in Peninsular Malaysia, four in Sabah and two in Sarawak. We own, co-own and lease a total 83,635.9 Ha of land out of which we cultivate oil palms and harvest FFBs on 70,991.2 Ha of plantation estate land as follows:

By ownership:

	Own	Co-own	Lease	Total
	Ha	Ha	Ha	Ha
Planted area	59,847.0	1,427.3	9,716.9	**70,991.2**
Planting reserve	-	-	353.2	**353.2**
Unplantable area	5,064.4	-	430.5	**5,494.9**
Building sites and roads	1,130.7	16.9	89.2	**1,236.8**
Others (Buffer zones, nursery, rentice)	5,037.5	47.4	474.9	**5,559.8**
Total land area	**(1)71,079.6**	**(2)1,491.6**	**11,064.7**	**83,635.9**

By geographical area:

	Peninsular Malaysia	Sabah	Sarawak	Total
	Ha	Ha	Ha	Ha
Own	24,478.0	17,296.6	18,072.4	**59,847.0**
Co-Own	1,427.3	-	-	**1,427.3**
Lease	933.5	8,783.4	-	**9,716.9**
Total planted area	**26,838.8**	**26,080.0**	**18,072.4**	**70,991.2**
Planting reserve	-	353.2	-	**353.2**
Unplantable area	567.7	640.1	4,287.1	**5,494.9**
Building sites and roads	393.5	439.3	404.0	**1,236.8**
Others (Buffer zones, nursery, rentice)	799.2	944.8	3,815.8	**5,559.8**
Total land area	**28,599.2**	**28,457.4**	**(1)26,579.3**	**83,635.9**

Notes:

(1) Inclusive of 14,064.0 Ha in Sarawak which is without title, of which 12,531.4 Ha has been planted and the remaining 1,532.6 Ha are unplantable areas, building sites and roads, buffer zones, nurseries and rentice. Please refer to Annexure B.1.2 of this Prospectus for further information on the estates owned by our Group (for lands without titles).

(2) 50% of the plantation land is owned by Felda Holdings Berhad and Felda Marketing Services Sdn Bhd.

We sell CPO to palm oil refineries in Malaysia, to be further processed into palm-based edible oils and oleochemicals. Our PK is sold to PK crushing plants in Malaysia for the production of PK products. We also sell FFBs which are harvested from our plantation estates that are not located in close proximity to our mills and during the annual maintenance shutdown periods of our mills, to third party mills in Malaysia. Our CPO and PK production as well as our pro forma revenue for the FYE 31 December 2011, 31 December 2012 and 31 December 2013 are summarised below:

	FYE 31 December		
	2011	**2012**	**2013**
CPO (MT)	229,623	250,430	238,371
PK (MT)	51,572	56,059	52,927
Revenue (RM'000)	948,998	836,745	684,996

We were incorporated as a public limited company under the name The Kuala Sidim Rubber Company, Limited, on 4 July 1946 in the Federation of Malaya ("**Malaya**") under the Companies Ordinance 1910. We were at the time involved in the cultivation of rubber and management of rubber plantation estates in Malaya, where our rubber plantations were located in Peninsular Malaya.

On 15 April 1966, we changed our name to The Kuala Sidim Rubber Company Berhad. Subsequently, on 12 December 1994, we changed our name to Kuala Sidim Berhad. We assumed our present name on 10 April 2004.

In the 1960s, we began converting our rubber crops into oil palm. In July 1969, Barlow Boustead Estates Agency Limited ("**BBEA**"), a plantation management agency company, became our substantial shareholder and assumed the role of managing agent for our plantation estates.

We were listed on both Bursa Securities (formerly known as Kuala Lumpur Stock Exchange ("**KLSE**")) and the Singapore Stock Exchange ("**SES**") on 1 August 1973. Also in 1973, we expanded into agricultural research and advisory services through the establishment of Highland Research Unit Sdn Bhd ("**HRU**"), a joint venture research unit between Highlands & Lowlands Berhad and Selangor Coconuts Berhad ("**SCB**"), which was then our listed plantation-based subsidiary, and us.

Beginning from the late 1970s through the 1980s, we began acquiring landbank, as well as oil palm plantation estates, in Sabah, including from other plantation estate owners for whom BBEA was acting as the managing agent. Between February 1982 and May 1982, our current holding company, BHB, acquired all the interest held in BBEA from BBEA's shareholders, including LTAT, Lembaga Tabung Haji, FELDA and members of the Barlow family, and renamed it BEA, after which BEA became a wholly-owned subsidiary of BHB. In May 1983, BHB acquired all of BEA's equity interest in our Company. In the meantime, BEA continued to be the managing agent for all our plantation assets.

In 1986, we co-founded AA Resources (then known as Applied Agricultural Research Sdn Bhd), also an agricultural research and advisory services unit, in a joint-venture partnership with Kuala Lumpur Kepong Berhad. Further details on AA Resources are set out in Section 6.2.2(i) and Section 7.12 of this Prospectus. In May 1987, we disposed of our entire interest in HRU.

In line with the Malaysian government's aspiration to promote the growth of the then KLSE, we were delisted from SES on 1 January 1990, but remained listed on KLSE.

In April 1993, we embarked on a rationalisation exercise together with our parent company BHB and our subsidiaries, SCB and Malakoff Berhad. Following that exercise, we became the principal listed vehicle for the BHB Group's plantation interests. In March 1994, we disposed virtually our entire interest in Malakoff Berhad but acquired all of the latter's estates (with the exception of Windsor Estate) and its shareholdings in Ladang Segaria Sdn Bhd. The said acquisition enabled us to expand our directly-owned plantation landbank and consolidate our plantation interests.

In 1994, we expanded our oil palm business into Sarawak via a joint venture agreement with LCDA for the development of plantation land in Sarawak. In 1998, we continued our expansion in Sarawak by entering into another joint venture agreement with LCDA via Pelita Holdings Sendirian Berhad, a company nominated by LCDA as a trustee to act on behalf of the NCR landowners.

On 29 August 2003, we were delisted from Bursa Securities following a takeover offer made by BHB on 10 March 2003 to acquire all our remaining shares it did not already own at RM6.00 ("**Offer Price**") per ordinary share of RM1.00 each in our Company, then known as Kuala Sidim Berhad ("**Kuala Sidim Share**"). The Offer Price represented a 44% premium to the last transacted market price of RM4.16 per Kuala Sidim Share, being the last transacted market price on the market day prior to the takeover offer by BHB.

7.1.2 Rationale for the privatisation of Kuala Sidim Berhad

The market capitalisation of Kuala Sidim Berhad then was approximately RM518 million, based on the last transacted price of RM4.16 per Kuala Sidim Share on the date the notice of take-over offer was served on our Board. BHB had undertaken the aforesaid take-over offer with the intention of privatising our Company as we did not meet the public shareholding spread prescribed by Bursa Securities. At the time when the aforementioned take-over offer was made, BHB and LTAT, a party deemed acting in concert with BHB, collectively held approximately 78% equity interest in our Company. BHB believed that the market price of our Company then was undervalued by the market, with our market price trading below our audited consolidated net tangible assets during the five years prior to the privatisation and that the Offer Price of the take-over offer was an attractive opportunity for shareholders to divest their investment in Kuala Sidim Berhad at a premium to historical market prices.

7.1.3 Significant events since the delisting of Kuala Sidim Berhad

BHB Group had envisaged that the privatisation of our Company would enable the BHB Group to rationalise, consolidate and streamline the plantation activities undertaken by BHB and our Company in stages. Since the privatisation of our Company in 2003, we had embarked on the following areas which we view as critical factors in improving our working capital and financial performance as well as the efficiency of our asset utilisation:

(i) Disposal of our non-core and low yielding plantation assets to focus on viable plantation estates in Malaysia

We disposed several non-core estates in Sabah which were either not involved in oil palm plantation or remote oil palm plantations without the economies of scale to warrant the construction of and/or far from palm oil mills. In this connection, in 2005 we disposed our interest in two fringe oil palm plantations estates in Sabah of approximately 930 Ha, namely Ladang Silasuka and Ladang Sungai Manar, which resulted in our Company realising a net gain on disposal of approximately RM20.5 million for the FYE 2005. In

2008, we also disposed approximately 780 acres known as Pulau Bai Estate, which was our coconut estate situated on Pulau Bai island in Sandakan, Sabah which resulted in us realising a net gain on disposal of approximately RM344,000 for the FYE 2008.

In 2007, we disposed our 51% stake in Boustead Oil Bulking Sdn Bhd which held our edible oil bulking installation in Butterworth, Pulau Pinang due to the low throughput experienced as surrounding plantation estates increased their on-site storage capacity and direct deliveries to refineries, leading to redundancy in our bulking capacity. The disposal resulted in our Company realising a net gain on disposal of approximately RM291,000 for the FYE 2008.

Between 2008 and 2012, we disposed our loss-making subsidiaries involved in oil palm cultivation in Indonesia. In this connection in 2008, we disposed our entire equity interest in our Indonesian subsidiary, PT Anam Koto, which owned approximately 4,790 Ha of plantation land in West Sumatera. The disposal of PT Anam Koto resulted in our Company realising a net gain on disposal of approximately RM13.9 million for the FYE 2008. In 2012, we disposed our entire equity interest in another Indonesian subsidiary, PT Dendymarker Indahlestari, which owned approximately 17,790 Ha of land in South Sumatera with then approximately 4,930 Ha under oil palm cultivation and a 20-tonne per hour palm oil mill. The disposal of PT Dendymarker Indahlestari resulted in our Company realising a net gain on disposal of approximately RM2.7 million in total for the FYE 2012 and FYE 2013.

(ii) Asset rationalisation and restructuring exercise to improve our operating efficiency

In 2004, we implemented an asset rationalisation and restructuring exercise with the following objectives:

(a) to streamline the operations of the estates by region for a leaner and efficient group structure which reduce our operation and administrative cost; and

(b) rebranding of companies with "Boustead" name in order to enhance corporate identity. The restructuring exercise was implemented in the same year we changed our name from Kuala Sidim Berhad to BPB i.e. year 2004.

The said exercise involved, inter-alia, the transfer of the following estates and mills:

No.	Estates/Mills	State	Transferor entity	Transferee entity
1.	Stothard Estate	Kedah	BPB	B Solandra
2.	Kedah Oil Palms Estate	Kedah	Kedah Oil Palms Berhad	B Solandra
3.	Eldred Estate	Johor	BPB	B Eldred
4.	Bebar Estate	Pahang	Sungai Jernih Plantations Sdn Bhd	B Eldred
5.	Malakoff Estate	Pulau Pinang	BPB	B Rimba
6.	Sungai Segamaha Estate and Segamaha Palm Oil Mill	Sabah	Segamaha Development Sdn Bhd	B Rimba

No.	Estates/Mills	State	Transferor entity	Transferee entity
7.	Sungai Jernih Estate and Sungai Jernih Palm Oil Mill	Pahang	Sungai Jernih Plantations Sdn Bhd	B Rimba
8.	Tabung Tentera Terengganu Estate	Terengganu	Perwira Plantations Sdn Bhd	B Rimba
9.	Sutera Estate	Sabah	Hing Lee Plantations Sdn Bhd	B Sutera
10.	Nak Estate and Nak Palm Oil Mill	Sabah	Gradient Holdings Sdn Bhd	B Gradient
11.	Bumidaya Estate[(1)]	Sabah	Syarikat Kemajuan Bumidaya Sdn Bhd	B Gradient
12.	Yaw Lim Estate[(1)]	Sabah	Yaw Lim Plantations Sdn Bhd	B Gradient
13.	Segaria Estate and Segaria Palm Oil Mill	Sabah	Ladang Segaria Sdn Bhd	B Emastulin
14.	Ladang Tabung Tentera Sabah	Sabah	Perwira Plantations Sdn Bhd	B Emastulin

Note:

(1) Bumidaya Estate and Yaw Lim Estate are divisions within the Nak Estate

Upon completion of the asset rationalisation and restructuring involving the abovementioned estates and mills, the transferor entities, save for BPB, were wound up.

(iii) Establishment of new plantation and mills

In 2003, we embarked on a joint venture project with Permodalan Darul Ta'zim Sdn Bhd, a wholly owned investment holding company of the Johor State Government, to develop approximately 1,000 Ha in Kota Tinggi, Johor (Boustead Sedili Estate) into an oil palm plantation under a sub-lease arrangement with Permodalan Darul Ta'zim Sdn. Bhd. In the same year, we acquired the entire equity interest in B Trunkline which increased our land bank under Sungai-Sungai 1 Estate and Sungai-Sungai 2 Estate in Sabah by 2,990 Ha. Further information on the abovementioned estates is set out under Item B.2.1, Annexure B of this Prospectus.

We had also invested a total of approximately RM88 million between 2003 and 2006 in the construction of three palm oil mills in Sarawak and Sabah, which contributed to the following:

(i) the increase of our production of CPO from 158,276 MT in FYE 31 December 2002, being the year prior to the privatisation of our Company, to 238,371 MT in FYE 31 December 2013; and

(ii) the increase of our production of PK from 40,490 MT in FYE 31 December 2002 to 52,927 MT in FYE 31 December 2013.

These mills, comprising the Kanowit Palm Oil Mill (2003), Loagan Bunut Palm Oil Mill (2004) and Rimba Nilai Palm Oil Mill (2006), increased our FFB processing capacity by 145 MT per hour or an increase of approximately 54% from our production capacity prior to the privatisation of our Company.

Additionally, we had invested a total of approximately RM87 million between 2003 and 2013 for capital expenditure and improvement work on our 10 mills for the purpose of sustaining the operational efficiency of the mills including maintaining low production loss rates, upgrading of milling capacity, replacement of plant and machinery and improvements to plant design.

Further information on the abovementioned mills is set out under Item B.1.4, Annexure B of this Prospectus.

In December 2013, we had acquired two parcels of plantation land known as G&G Estate for a total cash consideration of approximately RM185 million. Further information on the abovementioned estate is set out under item B.1.1, Annexure B of this Prospectus.

(iv) Unlocking the value of our plantation assets through asset-backed securitisation funding

In 2005, we undertook an asset-backed securitisation exercise, which is essentially a financing arrangement which entailed our sale of certain plantation estates and palm oil mills to Golden Crop Returns Berhad ("**Golden Crop**"), a special purpose vehicle to facilitate a RM742 million Islamic bond issuance ("**Sukuk Al-Ijarah**"). Our estates and palm oil mills whose values were unlocked via their disposal to Golden Crop pursuant to the asset-backed securitisation exercise were:

(a) Kedah Oil Palm, Stothard, Kuala Muda, Malakoff, Sungai Jernih, Segamaha, Sungai-Sungai 1, Sungai-Sungai 2, Kawananan, Nak, and Tabung Tentera Sabah Estates; and

(b) Sungai Jernih, Segamaha, Rimba Nilai and Nak Palm Oil Mills,

(collectively referred to as "**Golden Crop Plantation Assets**").

We recorded a net gain of approximately RM102.4 million in the FYE 2005 on the abovementioned exercise.

As part of the terms of the Sukuk Al-Ijarah, we retained the productive use of the Golden Crop Plantation Assets whereby the Golden Crop Plantation Assets were leased-back to our Group as tenant and were granted options by Golden Crop to buy back the Golden Crop Plantation Assets.

Between 2008 and 2012, we had progressively bought back all the Golden Crop Plantation Assets from Golden Crop through the exercise of call options issued by Golden Crop in accordance with the repayment terms of the outstanding Sukuk Al-Ijarah. Malakoff Estate, Bebar Estate and Sutera Estate were among the Golden Crop Plantation Assets which we and BHB had earmarked for injection into BREIT following our progressive exercise of the abovementioned call options in 2008 and 2010.

(v) Pioneering the establishment of the first and only plantation-based real estate investment trust in Malaysia with the listing of BREIT

Pursuant to the listing of BREIT on the Main Market of Bursa Securities, BHB Group had in 2006 injected six oil palm plantation estates measuring approximately 6,923 Ha into BREIT pursuant to the initial public offering of the Units on the Main Market of Bursa Securities. These estates were Bekoh Estate, Malaya Estate, Kulai Young Estate, Bukit Mertajam Estate, Batu Pekaka Estate and Chamek Estate. Concurrently, we had also injected two estates into BREIT namely, Telok Sengat Estate and Lepan Kabu Estate together with two of our mills, namely, Telok Sengat Palm Oil Mill and Lepan Kabu Palm Oil Mill, which resulted in our Company realising net gain on disposal of approximately RM113.8 million for the FYE 2006 and RM41.2 million for FYE 2007. These assets were leased back from BREIT by BHB

Group and us and managed by our managing agent, BEA. Details of the aforementioned estates and mills are set out in Item B.1, Annexure B of this Prospectus. In 2008, we had injected Malakoff Estate while BHB injected Bebar Estate into BREIT, which resulted in our Company realising a net gain on disposal of approximately RM26.5 million for the FYE 2008. In 2009, we had acquired the entire unitholding of Boustead Properties Berhad in BREIT, thus effectively increasing our beneficial interest in BREIT. In 2010, BHB had injected its Taiping Rubber Plantation Estate and Trong Palm Oil Mill into BREIT. In the same year, we had injected Sutera Estate into BREIT, which resulted in our Company realising a net gain on disposal of approximately RM62.2 million for the FYE 2011. Taiping Rubber Plantation Estate, Trong Palm Oil Mill and Sutera Estate were also respectively leased back by BHB Group from BREIT and managed by our managing agent, BEA.

(vi) Streamlining of BHB Group's plantation assets under BPB via, amongst others, the BREIT Privatisation

BREIT was initially earmarked by BHB to be the vehicle to consolidate BHB Group's oil palm plantation assets, whereby viable plantation assets held directly by BHB and our Company will be injected into BREIT. As a tenant of the plantation assets leased from BREIT, our Company is to pay rental which is derived from, amongst others, the projected yield per Ha, projected extraction rate and a basis CPO price to be mutually agreed between BREIT and our Company.

However, subsequent to its listing, BREIT was faced with many challenges in growing its plantation assets whilst maintaining its dividend yield to its Unitholders in view of the increasing scarcity and high market prices of mature plantation assets with prime yielding trees. Conversely, whilst plantation assets with younger tree profile may be acquired at lower prices, the high cost of maintenance and capital expenditure required for planting and the low yield from such plantation assets may have a dilutive effect on BREIT's per Unit earnings. Further, BREIT faced the challenge of balancing the need to distribute at least 90% of its distributable earnings to Unitholders in order to qualify for tax exemption of its earnings whilst still being able to retain sufficient funds for expansion. Adapting to the abovementioned constraints, on 16 July 2013, we initiated the BREIT Privatisation to provide an avenue to merge and streamline all of the plantation assets in our Group under one entity, namely us, which will enable us to raise funds and access the equity capital market, as well as provide us greater financial flexibility to pursue further growth opportunities. The BREIT Privatisation is expected to result in saving of rental payments moving forward. As an indication of such rental payments, we have paid approximately RM99.6 million, RM90.5 million and RM68.5 million as rental payments to BREIT during the FYE 31 December 2011, 2012 and 2013, respectively. However, BREIT Privatisation is expected to result in a one-off impairment of RM170.4 million for the FYE 31 December 2013 arising from the excess consideration paid pursuant to the BREIT Privatisation against the total net assets of BREIT as at 31 December 2013.

On 1 July 2013, we acquired the sub-lease of Resort Estate from Boustead Segaria Sdn Bhd, a subsidiary of BHB, by way of novation of the same by BHB, which increased our Sabah plantation size by approximately 1,150 Ha. Further information on Resort Estate is set out under Item B2.2.1, Annexure B of this Prospectus.

As the final step in the streamlining process, we acquired the entire equity interest in BEA from BHB on 1 July 2013, thus consolidating the management nucleus of BHB Group's entire plantation operations under our Group. Further information on the activities of BEA is set out in Section 6.2.1(ix) of this Prospectus.

(vii) Unlocking value of plantation land with development value

In November 2013, we undertook the Partial Disposal of Balau Estate which involved the disposal of 153.4 Ha of oil palm plantation land in Balau Estate which has been identified to have development potential. Based on a total disposal consideration of RM107.347 million, which was based on an independent valuation conducted on 1 November 2013 of between RM6.50 to RM7.50 per square feet, we realised a gain arising from the Partial Disposal of Balau Estate of approximately RM92.8 million for the FYE 31 December 2013.

Further details of the Partial Disposal of Balau Estate are set out in Section 15.6.6 and Section 15.6.7 of this Prospectus.

7.1.4 The listing of our Group

The abovementioned exercises in Section 7.1.3 had contributed positively to the growth of our audited NA per share, which increased from RM8.52 per share as at 31 December 2002 to RM11.16 per share as at 31 December 2013, based on approximately 124 million outstanding ordinary shares of RM1.00 each in BPB in issue before the Bonus Issue and Share Split. After the Bonus Issue and the Share Split, based on 1,020 million BPB Shares in issue, our pro forma NA per BPB Share as at 31 December 2013 is RM1.36 per BPB Share as compared to the proforma NA per BPB Share of RM1.04 as at 31 December 2002.

In conjunction with our IPO, our capital base will increase from approximately 1,020 million BPB Shares to 1,600 million BPB Shares, which will result in our pro forma NA per BPB Share to increase to RM1.43 per BPB Share as at 31 December 2013. In tandem with the lower NA per BPB Share pursuant to the larger capital base, the Final Retail Price is significantly lower as compared to the last transacted price of our shares prior to the privatisation in 2003 of RM4.16 per Kuala Sidim Share. We believe that this will promote the marketability and liquidity in the trading of BPB Shares as up to 41% (before the Over-allotment Option) of the BPB Shares are offered to the retail and institutional investors.

The IPO is intended to increase our capital base to a level which will better reflect our current scale of operations and the streamlined assets employed, future plans as well as the prospects arising from the utilization of the IPO proceeds. We believe that the above, along with the public shareholding spread of above 25% of the enlarged paid-up capital of BPB, will help to mitigate the contributory factors resulting in the undervaluation of BPB Shares prior to the privatisation of Kuala Sidim Berhad in 2003.

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7.1.5 Key milestones, awards and achievements

Since the commencement of business, our Group has achieved the following key achievements and milestones:

Year	Key milestone
1946	Incorporated as a public limited company under the name The Kuala Sidim Rubber Company, Limited
1960s	Began converting our rubber crops into oil palm
1966	Changed our name to The Kuala Sidim Rubber Company Berhad
1969	BBEA became our substantial shareholder and assumed the role of managing agent for our plantation estates
1973	Listed on both Bursa Securities (formerly known as Kuala Lumpur Stock Exchange) and the Singapore Stock Exchange
1973	Established HRU, a joint venture agricultural research unit between Highlands & Lowlands Berhad, SCB and us
1970s - 80s	Began acquiring landbank, as well as oil palm plantation estates, in Sabah
1983	BHB acquired all minority interest in BBEA, and renamed it BEA, and all our shares held by BEA were transferred to BHB
1986	Co-founded AA Resources, an agricultural research and advisory services unit, in a joint-venture partnership with Kuala Lumpur Kepong Berhad
1987	Disposed of our entire interest in HRU
1990	Delisted from the Singapore Stock Exchange
1993	Became the principal listed vehicle for the BHB Group's plantation interests following rationalisation exercise with BHB, SCB and Malakoff Berhad
1994	Expanded our directly-owned plantation landbank and consolidated our plantation interests with acquisition of Malakoff Berhad's estates
1994	Began expanding our oil palm business into Sarawak
1994	Changed our name to Kuala Sidim Berhad
2003	Delisted from Bursa Securities following a takeover offer by BHB
2004	Changed our name to BPB
2007	BREIT listed on the Main Market of Bursa Securities
2013	Acquired BEA from BHB
2013	Privatisation of BREIT to merge and streamline all of BHB Group's plantation assets under our Group
2013	Acquired G&G Estate

7.2 PRINCIPAL ACTIVITIES

We are an upstream oil palm plantations company in Malaysia. Through our subsidiaries, we are principally involved in the ownership, management and cultivation of oil palm and harvesting of its FFBs, and the production and sale of CPO and PK. We also sell oil palm FFBs and provide palm oil mill design and consultancy services. Through our associate company AA Resources, we are actively involved in oil palm agricultural and agronomic research.

7.2.1 Management and cultivation of oil palm

We cultivate oil palms and harvest its FFBs on 70,991.2 Ha of plantation estate land owned, co-owned and leased by us. These oil palm plantation estates comprise 26,838.8 Ha in Peninsular Malaysia, 26,080.0 Ha in Sabah and 18,072.4 Ha in Sarawak. Additionally, we have planting reserve landbank suitable for the cultivation of oil palm totalling 353.2 Ha in Sabah. Details of the plantation estates, which we own, co-own and lease, by region as at the LPD is depicted below:

	Peninsular Malaysia	Sabah	Sarawak	Total
Number of plantation estates	20	12	9	**41**
Total planted area (Ha)	26,838.8	26,080.0	18,072.4	**70,991.2**
Planting reserve[1] (Ha)	-	353.2	-	**353.2**
Number of mills	4	4	2	**10**

Note:

(1) Planting reserve is reserve land suitable for planting of oil palm

As at the LPD, we own, co-own and lease a total of 41 oil palm plantation estates in Malaysia and 10 palm oil mills. We own, co-own and lease 20 plantations in Peninsular Malaysia, 12 in Sabah and 9 in Sarawak. We own and operate four palm oil mills in Peninsular Malaysia, four in Sabah and two in Sarawak. All of our palm oil mills are located on our plantation estate properties which are owned, co-owned and leased by us. Our plantation estates and palm oil mills are owned, co-owned and leased by BPB and various subsidiaries in our Group. For further details on our plantation estates and palm oil mills, please refer to Annexure B of this Prospectus.

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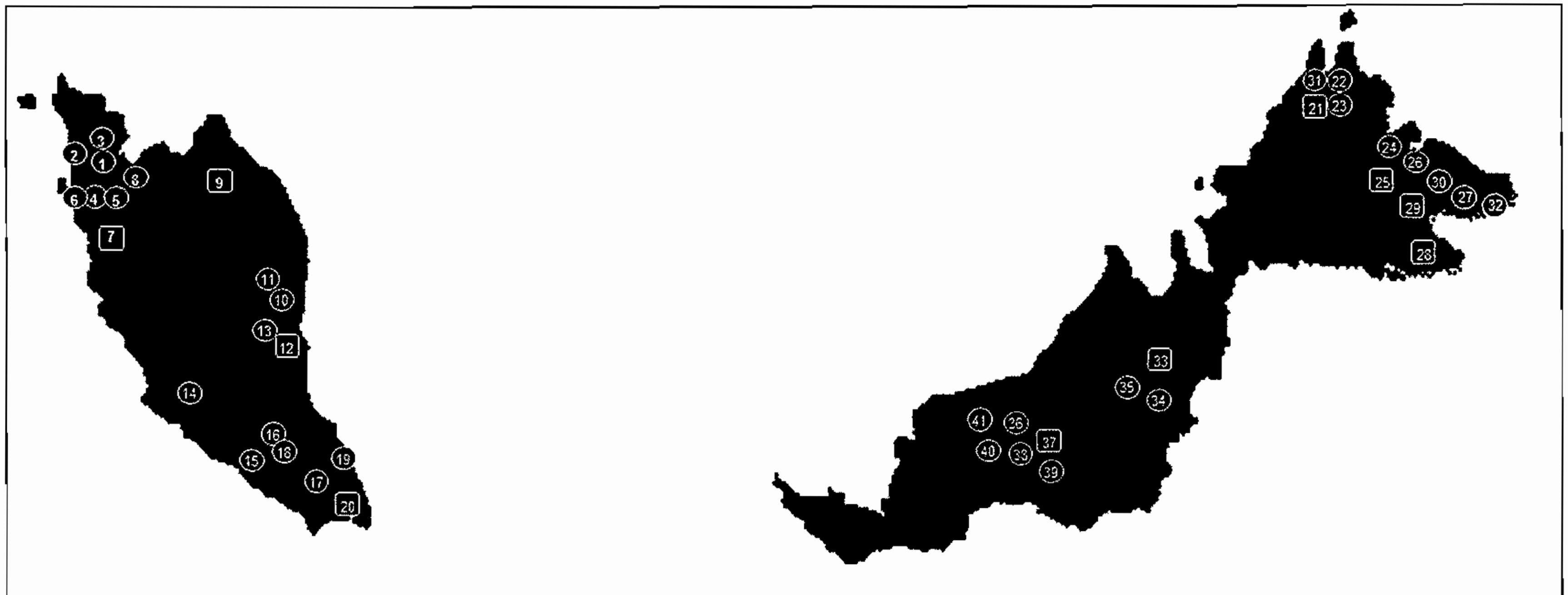
7. BUSINESS OF OUR GROUP *(Cont'd)*

The map below shows the location of our oil palm plantation estates and mills in Peninsular Malaysia, Sabah and Sarawak.



Legend

Peninsular Malaysia
1. Batu Pekaka
2. Kuala Muda
3. Stothard
4. Kedah Oil Palm
5. Bukit Mertajam
6. Malakoff
7. TRP
8. Malaya
9. Lepan Kabu
10. Solandra
11. LTT-Terengganu
12. Sungai Jemih
13. Bebar
14. Balau
15. Bekoh
16. Eldred
17. Kulai Young
18. Chamek
19. Boustead Sedili
20. Telok Sengat

Sabah
21. Sungai Sungai 1
22. Sungai Sungai 2
23. Kawananan
24. Resort
25. Nak
26. Sutera
27. LTT – Sabah
28. Segaria
29. Sungai Segamaha
30. Bukit Segamaha
31. Lembah Paitan
32. G & G

Sarawak
33. Loagan Bunut
34. Sungai Lelak
35. Bukit Limau
36. Pedai
37. Jih
38. Kelimut
39. Maong
40. Mapai
41. Bawan

■ Estate with Palm Oil Mill ● Estate

Our plantation estates are located in the tropical belt of Peninsular Malaysia, Sabah and Sarawak, which are areas with optimum levels of rainfall, and largely situated on fertile mineral soil, conditions ideal for oil palm growth.

A summary of the soil and topographical profile of our plantation estates are as follows:

		Total planted area (Ha)	Total (%)
Soil type	Mineral	67,787.2	95.5
	Peat	3,204.0	4.5
		70,991.2	**100.0**
Terrain type	Flat (slope class 0 - 2)	21,280.4	30.0
	Undulating (slope class 2 - 6)	34,450.5	48.5
	Rolling (slope class 6 - 12)	11,826.5	16.7
	Hilly (slope class > 12)	3,433.8	4.8
		70,991.2	**100.0**

Notes:

Slope class is defined as follows:
Slope class 0 – 2 degrees
Slope class 2 – 6 degrees
Slope class 6 – 12 degrees
Slope class > 12 degrees

A total of 95.5% of our oil palms are planted on mineral soil, with only 4.5% planted on peat soil, where 99.7%, 100.0% and 82.7% of our plantation estates in Peninsular Malaysia, Sabah and Sarawak, respectively, are planted on mineral soil.

A substantial proportion of our plantation estates are also located on flat or undulating terrain, which eases our operations, including planting, upkeep and maintenance as well as harvesting and evacuation of FFBs; thus contributing to our productivity. A total of 78.5% of our plantation estates are situated on flat or undulating terrain, with 86.2% in Peninsular Malaysia, 65.4% in Sabah and 86.3% in Sarawak. Approximately 16.7% of our plantation estates across Peninsular Malaysia, Sabah and Sarawak are located on rolling terrain, while only 4.8% are situated on hilly terrain.

The age profile of our oil palms is depicted as follows:

	Peninsular Malaysia		Sabah		Sarawak		Total	
Age Profile	Ha	%	Ha	%	Ha	%	Ha	%
Immature (0 to 3 years)	3,519.6	13.1	1,649.6	6.3	88.1	0.5	**5,257.2**	**7.4**
Young mature (4 to 9 years)	6,786.2	25.3	4,964.2	19.0	0.0	0.0	**11,750.4**	**16.6**
Prime mature (10 to 20 years)	11,567.4	43.1	13,454.6	51.6	17,101.1	94.6	**42,123.1**	**59.3**
Past prime (21 to 25 years)	4,340.7	16.2	6,006.1	23.1	883.2	4.9	**11,230.1**	**15.8**
Replanting (> 25 years)	624.9	2.3	5.5	0.0	0.0	0.0	**630.4**	**0.9**
Total	**26,838.8**	**100.0**	**26,080.0**	**100.0**	**18,072.4**	**100.0**	**70,991.2**	**100.0**

Oil palms start to mature from around the 4th year after planting and typically reach their peak production period from around the 10th year until approximately 20 years. We classify our young mature oil palms as those aged between four to nine years, and our prime mature oil palms as those aged 10 to 20 years. In general, prime mature oil palms can produce over 25 MT of FFB per Ha per year.

As at the LPD, a total of 11,750.4 Ha, or 16.6%, of our planted area were young mature oil palms and 42,123.1 Ha, or 59.3%, were prime mature oil palms. This age profile demonstrates that a combined total of 53,873.5 Ha or 75.9% of our total planted area, were made up of oil palms that are in their peak production years or will soon be entering peak production.

Our immature oil palms, those aged zero to three years, accounted for 7.4% of our total planted area, while old oil palms aged between 21 and 25 years made up 15.8% of our total planted area. As at the LPD, 0.9% or 630.4 Ha are older than 25 years and while we adopt a 25-year replanting policy, replanting decisions are reviewed after taking into consideration the following:

(a) area that has potential for sale to third party for the purpose of property development;

(b) the need to ensure availability of sufficient supplies of FFBs for mill operations; and

(c) crop productivity e.g., low crop production due to lost of palms as a result of flooding, pest attack and disease infection.

Based on the above, the 630.4 Ha of our oil palms which are older than 25 years old, though due for replanting, were not included as part of our replanting programme for 2013.

Though we generally replant crops that are older than 25 years, replanting efforts may be accelerated and may not only involve oil palms that are older than 25 years as a result of one or more of the following instances:

(i) yield of our crops dipping below 12 MT per Ha;

(ii) height of crops exceeding 40 feet; or

(iii) planted areas of at least 70 standing palms per Ha affected by crop disease.

Based on the above, we have replanted a total area of 1,734.6 Ha during the year 2013 which include oil palms that falls in any one of the categories above. Our replanting policy is independent of prevailing CPO prices.

FFBs produced by the oil palms on our plantation estates are harvested and transported to our palm oil mills, where processing takes place for the production of CPO and PK. As FFBs from the oil palm crops are perishable and need to be processed as soon as possible for maximum oil yield, we also sell FFBs to third party mills, i.e. those that do not belong to our Group, when FFBs are harvested from our plantation estates that are not located in close proximity to our palm oil mills. As at the LPD, our Balau Estate, Bekoh Estate, Solandra Estate and Eldred Estate sell their harvested FFBs to third party mills as we do not have any nearby mills to these plantation estates. Additionally, some of our other plantation estates also sell harvested FFBs to third party mills during the period of our mills' annual maintenance shutdown.

We also purchase FFBs from third party oil palm plantation estates for processing at our mills, from time to time. This takes place to increase the volume of our FFB processed to improve our utilisation rates for greater cost efficiencies.

A summary of our FFB yield profile is shown below:

	Annual FFB yield (MT per Ha) for the FYE 31 December		
	2011	**2012**	**2013**
Peninsular Malaysia	20.1	20.9	19.9
Peninsular Malaysia: MPOB benchmark[(1)]	19.2	19.1	19.3
Sabah	17.2	16.9	17.3
Sabah: MPOB benchmark[(1)]	22.3	20.4	20.9
Sarawak	13.2	13.6	11.4
Sarawak: MPOB benchmark[(1)]	16.8	16.5	16.2
Overall Group	17.0	17.4	16.5
National: MPOB benchmark[(1)]	19.7	18.9	19.0

Note:

(1) *Source: MPOB*

Overall, our annual Group FFB yields were 17.0 MT per Ha, 17.4 MT per Ha and 16.5 MT per Ha in the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively.

In terms of FFB yield, our plantation estates in Peninsular Malaysia have fared well, with annual FFB yields averaging at 20.1 MT per Ha in the FYE 31 December 2011, 20.9 MT per Ha in the FYE 31 December 2012, and 19.9 MT per Ha in the FYE 31 December 2013. These yields were higher as compared against the MPOB average for Peninsular Malaysia at 19.2 MT per Ha in 2011, 19.1 MT per Ha in 2012 and 19.3 MT per Ha in 2013.

Our FFB yields in Sabah stood at 17.2 MT per Ha, 16.9 MT per Ha and 17.3 MT per Ha in the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively, which was lower than the MPOB average for Sabah in each of the years under review. The past prime oil palms, being more than 20 years of age, constitute approximately 23.1% of the plantation estate land in Sabah, which produces lower FFB yields compared to prime mature oil palms. Further, harvesting past prime oil palms becomes increasingly difficult due to their height and the shortage of skilled harvesters.

Our plantation estates in Sarawak recorded FFB yields of 13.2 MT per Ha, 13.6 MT per Ha and 11.4 MT per Ha in the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively, which was also lower than the MPOB average for Sarawak in each of the years under review. Our FFB yields in Sarawak have been affected by pockets of conflicts and disputes with certain NCR landowners in our plantation estates since 2009, which has disrupted our operations due to unauthorised harvesting and pilferage of FFBs, as well as field blockades preventing entry of our harvesters, by certain local native parties, arising from these disputes.

7.2.2 Production and sale of CPO and PK

We have 10 palm oil mills in Malaysia, of which four are located in Peninsular Malaysia and the remaining six are located in East Malaysia. In Peninsular Malaysia, our palm oil mills are located in Trong (Perak), Kuala Krai (Kelantan), Pekan (Pahang) and Kota Tinggi (Johor); in Sabah, they are located near Semporna, Sandakan, Lahad Datu and Sugut; and in Sarawak, they are located near Miri and Sibu.

Our total palm oil mill processing capacity is 415 MT per hour and 1.96 million MT per year. Our palm oil mill capacities, by region, are as follows:

	Peninsular Malaysia	Sabah	Sarawak	Total
Maximum FFB processing capacity per hour (MT per hour)	140.0	170.0	105.0	415.0
Maximum FFB processing capacity per year (MT per year)	662,000	805,000	495,000	1,962,000

Note:

Maximum FFB processing capacity per year is calculated based on mill throughput over 20 operating hours per day over 312 available processing days in a year and a maximum annual FFB rate of 11%.

FFBs from our plantation estates and FFBs purchased from third parties are transported to these mills for processing for the production of CPO and PK. All our palm oil mills are located on our plantation estates to ensure our FFBs are delivered and processed in the shortest time possible.

We sell all of our CPO to downstream refineries in Malaysia for the further processing into palm-based edible oils and other oleochemical products. All of the PK produced by our plantation estates are sold to PK crushing plants in Malaysia for the production of PK products.

A summary of our OER and KER is shown as follows:

	FYE 31 December					
	2011		2012		2013	
	OER (%)	KER (%)	OER (%)	KER (%)	OER (%)	KER (%)
Peninsular Malaysia	20.15	4.63	20.63	4.65	20.76	4.63
Peninsular Malaysia: MPOB benchmark[(1)]	20.08	5.45	19.98	5.48	19.86	5.53
Sabah	20.64	4.48	21.30	4.48	21.41	4.43
Sabah: MPOB benchmark[(1)]	20.74	4.68	21.02	4.76	21.05	4.80
Sarawak	20.77	4.79	20.29	4.94	19.99	5.06
Sarawak: MPOB benchmark[(1)]	20.58	4.40	20.43	4.35	20.12	4.31
Overall Group	**20.51**	**4.61**	**20.81**	**4.66**	**20.88**	**4.60**
National: MPOB benchmark[(1)]	**20.35**	**5.07**	**20.35**	**5.10**	**20.25**	**5.12**

Note:

(1) OER and KER benchmark for the FYE 31 December 2011, 31 December 2012 and 31 December 2013 are sourced directly from MPOB.

Our Group's OER, from FFBs processed to CPO produced, has improved from 20.51% in the FYE 31 December 2011, to 20.81% in the FYE 31 December 2012, and further to 20.88% in the FYE 31 December 2013. Our overall Group OER has been higher than the national OER average, based on the MPOB benchmark, of 20.35% in 2011, 20.35% in 2012 and 20.25% in 2013.

Our mills in Sabah remain our most productive, with an average OER of 21.12% over the FYE 31 December 2011, 31 December 2012 and 31 December 2013, compared to the Sabah MPOB average of 20.94%. Our mills in Peninsular Malaysia averaged 20.51% over the same period compared to the MPOB average for Peninsular Malaysia at 19.97%, while in Sarawak our mills had an average OER of 20.35% against the Sarawak MPOB benchmark of 20.38%. The reason for our higher OER is inherent in our crop, as our selection of planting materials has resulted in larger mesocarp for greater oil yields but smaller-sized kernels.

Our overall KER, from FFBs processed to PK produced, has demonstrated a slight fluctuating trend over the FYE 31 December 2011, 31 December 2012 and 31 December 2013, at 4.61% in the FYE 31 December 2011, with an improvement to 4.66% in FYE 31 December 2012, before decreasing again to 4.60% in the FYE 31 December 2013. Compared to the national MPOB benchmark over this same period, our KER has averaged lower. As our production of PK is substantially lower compared to CPO, there has been no significant impact to our financial performance as a result of our lower KER.

7.2.3 Mill engineering and design consultancy services

Our vast experience and knowledge in our core business of cultivation of oil palms and the production and sale of CPO and PK have afforded us a reputable standing in the industry and this is evidenced when other industry players have, in the past, consulted us in the design and construction of mills and factories. As such, we, through BEA, are involved in the design, implementation of engineering works and project management of palm oil mills, rubber factories and oil bulking installations.

We also provide technical audit and advisory services for oil mills and oil bulking installations. As at the LPD, we have provided our consultancy services for 39 palm oil mills, 12 rubber factories as well as three palm oil bulking installations. Among our notable clients for our consultancy services include Samling Group, United Malacca Berhad, Lembaga Tabung Haji and Pertubuhan Peladang-Peladang Negeri Johor (PPNJ).

7.2.4 Oil palm agricultural and agronomic research

Through our associate company, AA Resources, we are involved in oil palm agricultural and agronomic research where we focus on improving quality, reducing costs and enhancing overall expertise in soil management and crop production. The areas of research undertaken by AA Resources largely include the breeding and selection of higher yield planting materials, crop protection focused on effective pest management, agronomic research to preserve soil fertility and precision agriculture practices. Further details on our oil palm agricultural and agronomic research are set out in Section 7.12 of this Prospectus.

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7.3 PRINCIPAL PRODUCTS AND MARKETS

Our principal products are CPO and PK. We also sell FFBs which are harvested from our owned, co-owned and leased plantation estates that are not located in close proximity to our mills, and during the annual maintenance shutdown periods of our mills, to third party mills. All of our CPO, PK and FFBs are sold within Malaysia.

As our plantation estates in Sabah processed the highest volumes of FFBs, our mills in Sabah also produced the most CPO and PK during the FYE 31 December 2011, 31 December 2012 and 31 December 2013. Our production of CPO from our mills in Sabah averaged 99,961 MT of CPO over the FYE 31 December 2011, 31 December 2012 and 31 December 2013, as compared to 84,925 MT and 54,589 MT in Peninsular Malaysia and Sarawak, respectively. As for PK, our mills in Sabah produced an average of 21,140 MT over the FYE 31 December 2011, 31 December 2012 and 31 December 2013, with Peninsular Malaysia and Sarawak recording 19,180 MT and 13,199 MT, respectively.

We sell CPO to palm oil refineries in Malaysia, to be further processed into palm-based edible oils and oleochemicals. Our PK is sold to PK crushing plants in Malaysia for the production of PK products.

A summary of our FFB production, FFB processed, and CPO and PK production is shown below:

	Production (MT)		
	FYE 31 December		
	2011	**2012**	**2013**
FFB produced	**1,049,110**	**1,075,604**	**1,032,173**
Peninsular Malaysia	447,899	473,469	452,122
Sabah	353,067	356,613	374,735
Sarawak	248,144	245,522	205,316
FFB processed at mill	**1,119,717**	**1,203,652**	**1,141,824**
Peninsular Malaysia	*372,860*	*440,063*	427,964
Sabah	*470,583*	*469,899*	479,658
Sarawak	*276,274*	*293,690*	234,202
CPO	**229,623**	**250,430**	**238,371**
Peninsular Malaysia	*75,138*	*90,789*	88,848
Sabah	*97,110*	*100,056*	102,717
Sarawak	*57,375*	*59,585*	46,806
PK	**51,572**	**56,059**	**52,927**
Peninsular Malaysia	*17,248*	*20,473*	19,819
Sabah	*21,097*	*21,065*	21,259
Sarawak	*13,227*	*14,521*	11,849

Our pro forma revenue was approximately RM949.0 million for the FYE 31 December 2011, approximately RM836.7 million for the FYE 31 December 2012, and approximately RM685.0 million for the FYE 31 December 2013. The reduction in revenue in the past three years was due to the decline in both CPO and PK prices, which had resulted from a combination of global macroeconomic factors and the demand-supply balance of palm oil. For the FYE 31 December 2012, our average realised CPO price of RM2,901.59 per MT was lower than our average realised price of RM3,287.84 per MT for the FYE 31 December 2011. Our average realised CPO prices for the FYE 31 December 2013 was RM2,352.99 per MT which was relatively the lowest in the past three financial years. Our average realised PK price also declined from RM2,202.10 per MT in the FYE 31 December 2011 to RM1,568.12 per MT in the FYE 31 December 2012, and subsequently to RM1,283.96 per MT in the FYE 31 December 2013.

Pro forma revenue from the sale of CPO amounted to approximately RM745.0 million, RM699.9 million and RM581.3 million, which accounted for 78.5%, 83.7% and 84.9% of our total pro forma revenue, in the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively.

Pro forma revenue from the sale of PK amounted to approximately RM113.0 million, RM87.3 million and RM68.3 million, which accounted for 11.9%, 10.4% and 10.0% of our total pro forma revenue, in the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively.

Pro forma revenue from the sale of FFB was relatively low, as we generally harvest FFBs for our palm oil mills. For the FYE 31 December 2011, 31 December 2012 and 31 December 2013, our pro forma revenue from the sale of FFB was RM83.6 million, RM45.0 million and RM32.9 million, which accounted for 8.8%, 5.4% and 4.8% of our total pro forma revenue, respectively.

Our revenue from other sources such as fees from the provisioning of mill design and consultancy services as well as the sale of motor vehicles from our motor vehicle dealership has been negligible. Our pro forma revenue by product for the FYE 31 December 2010, 31 December 2011 and 31 December 2012 are as follows:

	Pro forma revenue (RM '000)					
	FYE 31 December					
	2011		**2012**		**2013**	
CPO	744,984	78.5%	699,907	83.7%	581,306	84.9%
PK	112,959	11.9%	87,338	10.4%	68,344	10.0%
FFB	83,585	8.8%	45,028	5.4%	32,919	4.8%
Others[(1)]	7,470	0.8%	4,472	0.5%	2,427	0.3%
Total	**948,998**	**100.0%**	**836,745**	**100.0%**	**684,996**	**100.0%**

Note:

(1) Others include all other revenue such as revenues from provision of mill design and consultancy services and royalties as well as sales of motor vehicles from our motor vehicle dealership. For information purposes, we had disposed our motor vehicle dealership in the FYE 31 December 2013.

Since the FYE 31 December 2011, our operations in Peninsular Malaysia was our highest revenue contributor, generating an average revenue of RM330.8 million over the FYE 31 December 2011, 31 December 2012 and 31 December 2013, compared to RM314.7 million and RM178.2 million in Sabah and Sarawak, respectively, over the same period.

Our pro forma revenue by region for the FYE 31 December 2011, 31 December 2012 and 31 December 2013 are as follows:

	Pro forma revenue (RM'000)					
	FYE 31 December					
	2011		2012		2013	
Peninsular Malaysia	374,984	39.5%	328,303	39.2%	288,990	42.2%
Sabah	356,305	37.6%	314,090	37.5%	273,573	39.9%
Sarawak	217,709	22.9%	194,352	23.2%	122,433	17.9%
Total	**948,998**	**100.0%**	**836,745**	**100.0%**	**684,996**	**100.0%**

7.4 COMPETITIVE STRENGTHS AND ADVANTAGES

7.4.1 We are one of the most established and experienced upstream oil palm plantation companies in Malaysia with proven plantation management practices.

With over 100 years of plantation management experience, backed by BHB's presence in the plantations business, we are one of Malaysia's most established and experienced upstream oil palm plantation companies. Having first ventured into the oil palm business in the 1960s, when we began converting rubber crops into oil palm, we have effectively been an oil palm industry player since the early days of the commercialisation of the industry in Malaysia.

Throughout the years, we have developed and established proven plantation management systems, driven by our top-down estate agency management approach which we believe to be unique to our Group. The agency approach was first developed by the British planters, and has been a feature of our Group ever since. This approach comprises an estate management agency that acts as a "command and control" centre which is involved in the strategic planning, directing, coordinating and monitoring of operations for the plantation estates and mills that it manages. Each plantation estate and mill has its own operations and management teams, and our estate management agency centrally drives policies and monitors operations, as well as provides advisory services. Over the years, we have also established sound agricultural and management policies, consistent and effective standard operating procedures, as well as adopted operational best practices that have led to our success today.

We were one of the first plantation companies to utilise a computerised plantation MIS in 2001 to monitor the performance of our plantation estates and mills. Additionally, we also use GPS, a space-based satellite navigation system, for our plantation mapping, where all our plantations have been digitally-mapped by satellite technology since 1997, which enhances logistical accuracy for our strategic decisions.

These established and proven methods and practices have been gained over time, in our case for over 100 years, which sets us apart from many of our competitors in terms of experience. These practices will continue to ensure that we remain strong and robust in the upstream oil palm industry.

7.4.2 We have oil palm plantations with a maturity and topographical profile that supports increased production.

Oil palms reach their prime maturity and peak production period from around 10 to 20 years. Prime mature oil palms can generally produce over 25 MT of FFBs per Ha per year.

As at the LPD, our prime mature palms, those aged between 10 to 20 years, made up approximately 59.3% of our total planted area across Malaysia. A further 16.6% of our palms are young mature palms between the ages of 4 to 9 years, and will begin to reach peak maturity starting from 2014 onwards. Hence, over three-quarters, or 75.9% of our oil palms are in their peak production age, or will soon be entering their peak production age. As at LPD, only 0.9% or 630.4 Ha of our oil palms are older than 25 years and while we adopt a 25-year replanting policy, replanting decisions are reviewed after taking into consideration the factors as highlighted in Section 7.2.1 above.

As a result of the age profile of our oil palms, our average FFB yield in Peninsular Malaysia has been consistently higher than the national MPOB benchmark average in each of the FYE 31 December 2011, 31 December 2012 and 31 December 2013. In the FYE 31 December 2011, 31 December 2012 and 31 December 2013, our average FFB yield in Peninsular Malaysia was 20.1 MT per Ha, 20.9 MT per Ha and 19.9 MT per Ha respectively while the national MPOB benchmark average was 19.2 MT per Ha, 19.1 MT per Ha and 19.3 MT per Ha, respectively. Our OER has also increased from 20.51% in the FYE 31 December 2011 to 20.81% in the FYE 31 December 2012, rising to 20.88% in the FYE 31 December 2013. Our OER has been higher than the national MPOB benchmark average in each of our past three FYE 31 December 2011, 31 December 2012 and 31 December 2013.

As a substantial majority of our palms are in their peak-production years or will soon enter their peak-production years, we believe that the age profile of our oil palms will support increased production of FFBs, which will lead to subsequent increases in CPO and PK production, which are our key revenue generators. Furthermore, a total of 95.5% of our oil palms are planted on fertile mineral soil, and this is expected to contribute to the productivity of our oil palms. A substantial 78.5% of our plantation estates are also located on flat or undulating terrain, which has a positive impact on our productivity as it eases our operations such as planting, upkeep and maintenance and harvesting. The age maturity and topographical profile of our plantation estates are positive and encouraging, and we believe these are important factors for the sustained growth and success of our Group.

7.4.3 We have a highly experienced and technically strong management team.

Our senior management team, headed by our Chief Executive Officer, Fahmy bin Ismail, comprises highly experienced personnel with substantial knowledge and exposure in the oil palm plantation industry. Our Chief Operating Officer, Chow Kok Choy, has approximately 43 years of experience in the oil palm business, having been with our Group since 1970. Our Senior General Manager-Human Resource and Corporate Communication, Dato' Shoib Abdullah, has 41 years of oil palm experience while our Planting Director, Sharudin Jaffar and our Senior General Manager-Sales and Marketing, Teng Peng Khen have approximately 33 and 38 years of experience in the oil palm industry, respectively. Our Group Engineer, Loh Wai Cheong, has approximately 33 years of oil palm industry experience. All of our management personnel mentioned above have substantial field experience, and thus have intricate knowledge of the operations of our oil palm plantation business. Our Chief Finance Officer, Chin Sup Chien, is also a professionally qualified and experienced accountant, with approximately 23 years of experience in the oil palm industry and 28 years of accounting experience in total. In total, our senior management team has an average 35 years of experience in the oil palm industry.

Our senior management team has also spent a significant part of their careers at our Group, and thus has been instrumental in the growth and success of our plantations business. Additionally, they each possess different functional expertise such as operations, sales and marketing, engineering, finance and accounting, and human resource, and these complementary skills have been critical to the management efficiency of our Group.

Our senior management team is supported by 158 management employees consisting of junior and middle management employees from headquarters, estates and mills, with an average of more than 10 years of experience in managing plantation operations. We have identified potential successors to our current senior management team among our middle management employees and these individuals are being nurtured towards senior leadership roles in our Group.

We are continuously improving our management team to strengthen their leadership and managerial capabilities that will be critical to the business growth and sustainability of our Group, through the implementation of training programs which entail on-the-job learning, and coaching and mentoring programmes tailored for the employees.

7.4.4 We have an experienced and committed agricultural research unit.

Our associate company, AA Resources, is an agricultural research unit which was founded in 1986 and has 27 years of oil palm research experience. Part of our success as an upstream oil palm plantations company can be attributed to the efforts of AA Resources and its many commercialisation successes.

We have benefited from the breeding and selection of higher yield planting materials including oil palm clonal seeds, tissue culture ramets and compact palms which have enabled us to produce FFB with higher oil content, as well as to embark on high density planting. Through our collaboration with AA Resources, we commenced commercial scale planting using tissue culture ramets in 1999 and semi-commercial planting of compact palms in 2009. In 2012, we commenced commercial planting using the AA Hybrida 1S, a semi-clonal hybrid seed developed and commercialised by AA Resources that produces palms with more, albeit smaller bunch sizes, FFBs yielding over 20% higher oil content than conventional seeds.

AA Resources has also worked extensively on crop protection methods, which we are presently using to combat pests and the Ganoderma disease. Their methods of combining chemical and biological pest control have helped us reduce the use of chemicals, which has contributed to our sustainable management practices. At present, AA Resources is actively researching precision agriculture practices through the use of remote sensing and GIS to allow accurate planning of plantation roads and terrain, and to determine the planting points of new oil palm seedlings. AA Resources is studying the use of UAVs for this purpose. AA Resources is also involved in an oil palm genomic project for the development of genomic markers to produce molecular-based elite planting materials, which will lead to more precise prediction of superior parents for seed production and reduce our seed selection period.

We are confident that AA Resources' research efforts will continue to support our plantation management practices and drive the future growth of our Group, as we strive to increase our efficiency and productivity through higher yielding FFBs and higher oil content.

7.4.5 We adhere strictly to sustainable plantation management practices.

Our Group is committed to adopting the best–in-class agricultural and management practices to achieve optimal and sustainable plantation development. Our best management practices for optimal and sustainable plantation development extend across the areas of:

- Management of new land development projects
- Best-in-class replanting practices
- Field upkeep and weed control
- Soil fertility and conservation
- Integrated pest management
- Water management
- Mechanisation
- Harvesting and crop quality
- Safety, health and environment
- Conservation of biodiversity and unique ecosystems

Our approach to sustainable plantation management practices highlighted above ensures that all aspects of environmental health, economic profitability and social responsibility are taken into consideration, in achieving the objective of providing a strong foundation for RSPO certification and wider market acceptance.

Our Group adopts environmentally friendly techniques for the clearing of oil palm stands for replanting and implements the "zero burn" replanting technique at all of our plantation estates. We have developed the "Telok Sengat Estate Zero Burn Technique" which is environmentally friendly and contributes to sustainable oil palm production by recycling nutrients in the palm biomass. Additionally, this technique also:

- Reduces the breeding of rhinoceros beetles and rats by depriving them of suitable breeding sites through the pulverisation of old palms
- Reduces disease inoculums of basal stem rot (BSR) caused by Ganoderma boninense
- Minimises soil degradation
- Improves utilisation of nutrients from the decomposing of palm biomass
- Minimises air pollution caused by open burning
- Facilitates replanting and subsequent field upkeep

Our commitment to sustainable practices is on-going, as in 2013, our Sungai Jernih Business Unit (consisting of the Sungai Jernih Palm Oil Mill and three plantation estates surrounding it, namely Bebar Estate, Sungai Jernih Estate and LTT Terengganu Estate), retained its RSPO certification status. Our Nak Business Unit (comprising the Nak Palm Oil Mill and Nak Estate, Sutera Estate and Resort Estate) in Sabah is expected to attain its RSPO certification in 2014. In total, 6,897 Ha of our plantation estates have RSPO accreditation.

7.4.6 We have strong brand recognition from our association with our parent company BHB.

Our parent company, BHB, is one of Malaysia's oldest and largest diversified conglomerates. The BHB Group has diversified business activities in key sectors of the economy via its six core business divisions, namely Plantation, Property, Pharmaceutical, Heavy Industries, Trading and Industrial, and Finance and Investment. For the FYE 31 December 2013, the BHB Group recorded group revenue of RM11.2 billion and net profit of RM559.8 million.

BHB's long standing reputation can be traced to its roots in 1828 when Edward Boustead founded a company in Singapore involved in import and export, shipping and insurance. With trade growing between Malaya and Singapore and as the Straits of Malacca became more important as a primary waterway between Europe and the Far East, Edward Boustead set up a branch in Penang in 1864. In 1911, the company diversified its business interests and began trading in rubber. Moving up the value chain, it expanded into the management and ownership of rubber estates while exporting sheet rubber and latex and thus has accumulated over 100 years of experience in the plantations industry.

With a history dating back nearly two centuries and involvement in many key industries driving Malaysia's economy today, BHB is a well-recognised and highly respected corporation. As part of the BHB Group, we benefit from BHB's industry reputation, both from our customers, suppliers, financiers, investors and other business partners.

BHB has grown from strength to strength and is a firm believer in delivering shareholder value. With approximately 15,000 employees, the BHB Group's consistent and steady growth over the years reflects its commitment to safeguard shareholder interest.

7.4.7 We are well positioned to benefit from growth in the global edible oils market.

Our CPO and PK products are sold to palm oil refineries and PK crushing plants for further processing into palm-based edible oils and oleochemical products.

The potential for our future revenue growth is promising in line with the increasing demand for edible oils and fats globally. According to the research carried out by the independent market research consultant, Smith Zander, the global demand for edible oils and fats has grown from 113.5 million MT in 2000 to 185.6 million MT in 2012 at a CAGR of 4.2%. Global demand for edible oils and fats is further expected to grow to reach 209.7 million MT by 2015, registering a CAGR of 4.2% between the years 2000 and 2015.

The consumption of edible oils and fats are primarily driven by factors such as the growing demand for food rising from population and economic growth, the wide range of applications of edible oils and fats, the increasing demand from China and India as the two largest consumer markets and the emergence of Africa and Middle East as key consuming regions.

As an upstream producer of CPO that is used to produce edible oils and fats, our growth will remain in tandem with the relatively recession-proof demand for food products. With the ever increasing global population, we believe that we are well-positioned to benefit from this growth.

7.5 FUTURE PLANS AND STRATEGIES

7.5.1 Consolidation and expansion of our plantation assets

In 2013, our parent company BHB privatised BREIT to provide an avenue to merge and streamline all of the plantation assets in our Group under one entity, namely BPB, which will enable us to raise funds and access the equity capital market, as well as provide us greater financial flexibility to pursue further growth opportunities. With the consolidation of all our plantation assets, we have the resources and economies of scale to expand our business further, and the opportunity to focus on the long term growth of our Group.

As one of Malaysia's most experienced and established upstream oil palm companies, we intend to remain focused on the upstream plantation business where we will be able to leverage on over 100 years of expertise and know-how backed by BHB's presence in the plantations business. Over the next five years, we plan to increase our total planted area by approximately 20,000 Ha from the current 70,991.2 Ha. We intend to achieve this through acquisition of existing plantation estates and plantation reserve land primarily in Malaysia, to be carried out in the following phases:

(i) acquisition of up to approximately 10,000 Ha of plantation estates and/or plantation reserve land primarily in Malaysia within the next 3 years, which will be firstly funded by the IPO proceeds of RM420 million as outlined in Section 4.8 of the Prospectus, and thereafter if required, by a combination of internally generated funds and/or external financing, including debt instruments; and

(ii) acquisition of another approximately 10,000 Ha of plantation estates and/or plantation reserve land within two years from our initial acquisition as outlined in item (i) above to be funded by future fund-raising exercises, the plan and manner of which will be subject to the Board's assessment of prevailing factors, including but not limited to, market conditions, cost of funds associated with bank borrowings and/or financial instruments to be issued by our Company as well as the optimal capital structure for our Company.

Nevertheless, we may assess opportunities to acquire plantation estates and/or plantation reserve land in Indonesia, on a case-by-case basis.

We believe that by selecting the right acquisitions for our Group, we will be able to apply our experience and technical expertise to these new assets. By increasing our planted landbank, we will be able to increase our FFB harvest and ultimately our CPO and PK production to further grow our Group's revenue and profitability.

7.5.2 Improve our operating efficiency and profitability through greater use of new planting materials

We intend to increase overall FFB production and OER through the implementation of, amongst others, improved management of new plantation land development projects and replanting practices; stringent field upkeep and weed control; soil fertility and conservation; integrated pest management; water management; health safety and environmental initiatives and conservation of biodiversity and unique ecosystems.

To improve our FFB and oil yield, we have commenced commercial scale planting using ramet materials, now known as AA Vitroa, since 1999 and semi-commercial planting of compact palms in our replanting programme since 2009, both of which were planting materials developed by our associate research company AA Resources. Our ramet materials are palms cloned through tissue culture taken from palms that are most productive, for optimum FFB and oil yields. Compact palms are grown from semi-clonal hybrid seeds used for high density planting, where due to the slower height increment of the palms and shorter length of fronds, we are able to plant up to 160 palms per Ha, compared with approximately 136 to 148 palms per Ha using conventional seeds and ramet materials.

Our general planting strategy, since 1999, is to use 20% seeds and 80% ramet materials based on planted area, where the palms planted from seeds are crucial to ensure proper pollination with the palms planted from ramets. Hence as part of our strategy to increase our crop yield, it is important that we increase our crop count through high density planting, using our compact palms.

As at the LPD, we have approximately 700 Ha planted with high density planting materials on a semi-commercial scale. Moving forward, we intend to plant 300 to 400 Ha each year with high density compact palms, based on our current seed production. Our research arm AA Resources is presently working on increasing the annual production of compact palm seeds. We believe that high density planting materials is crucial for our expansion, as it will enable us to obtain higher FFB yields, and ultimately CPO production, per Ha of planted area, which will be critical to the future growth of our Group. To augment our seed planting, we commenced planting using the AA Hybrida 1, a hybrid seed produced through "selfing", which is the pollination of palms within the same tree, selected for "selfing" due to its high productivity, in 2007.

Beginning in 2013, we have begun to increase our use of AA Hybrida 1S, our first fully commercial semi-clonal hybrid seeds, in our replanting. Prior to 2013, our use of AA Hybrida 1S seeds made up only approximately 20% of total seeds used in replanting, due to the lower production of the AA Hybrida 1 seeds as the seeds were only developed and commercialised in 2012. In 2013, this has been increased to about 80% of total seeds used, and we intend to continue with this ratio in the future. The AA Hybrida 1S seeds were developed by AA Resources and are expected to increase oil yield by over 20%.

As at the LPD, our Group's use of new planting materials, which includes AA Vitroa, AA Hybrida 1, AA Hybrida 1S and high density planting materials, accounted for only approximately 16.0% of our total planted area. As most of our replanting now involves the use of these new planting materials, as well as other planting materials currently being developed by AA Resources, there is substantial upside potential in our FFB and oil yields.

AA Resources is presently carrying out on-going research to discover newer clonal seeds and ramet materials to further improve our FFB production and oil yield, including full commercialisation of compact palms and development of bunches with long stalks for easier harvesting.

AA Resources is also currently involved in an oil palm genome project to develop genomic markers for assisted breeding selection. We have incorporated this in our selection of elite planting materials which will lead to more precise prediction of superior parents for seed production and subsequently reduction of the seed selection period, factors which will also enable us to improve our production efficiency and oil yields. Based on the current progress of AA Resources' research, we expect to commence planting these elite planting materials in approximately 10 to 15 years.

Our use of new planting materials is critical to our future growth. As we expand and grow our plantation assets, we aim to concurrently increase our FFB yields and OER, as well as improve our oil quality, to enhance our presence and sustainability in the industry and strengthen the financial growth of our Group.

7.5.3 Continuous improvement in best-practice management systems

As one of the most experienced and established upstream plantation companies in Malaysia, we adopt industry best practices in our management systems.

We will continue to increase the use of motorised FFB cutters or CANTAS to replace the conventional aluminium poles for harvesting FFBs in selected oil palm areas, particularly for palm heights ranging from 3 to 7 metres. As at the LPD, a total of 12,000 Ha are covered by the CANTAS harvesting system. A conventional aluminium pole cutter harvests on average approximately 100 bunches per day, while the CANTAS can harvest up to 400 bunches to 600 bunches per day. Additionally, we are also assessing the use of graphite or carbon fibre harvesting poles for taller palms that exceed 14 metres.

To speed up FFB evacuation from the fields to the mills for processing, we have introduced mechanised platform FFB collection through the integration of bin or shunting tractor system. As at the LPD, a total of 40,000 Ha of our Group's mature areas are using this innovative system. We plan to increase this to 100% of applicable terrain over the next three financial years. We also plan to introduce smaller collection vehicles to reach more difficult terrain.

Precision agriculture is the use of remote sensing and GIS to improve plantation practices, specifically for plantation road and terrain planning for planting purposes. Our associate research arm AA Resources is presently researching precision agriculture techniques for our Group's use, including the use of UAVs for plantation mapping. The advantage of precision agriculture is that it allows accurate planning of plantation estates, which includes determining the planting points of new oil palm seedlings. More advanced precision agriculture systems can also be used for activities such as oil palm crop inventory and detection of palm diseases. We intend to employ these systems within the next two years, which we believe will further enhance our plantation management practices and our overall productivity.

7.5.4 Expansion into the international market

We intend to venture into the international market by exporting our CPO when export prices are higher than the domestic market. With the reduction of export duty on crude palm oil products and abolishment of the duty-free export quota by the Government beginning 1 January 2013, our CPO has become more cost competitive in the global markets. At present, our Sales and Marketing team is studying and assessing strategies and options to secure customers in the international market.

According to the IMR report by Smith Zander, the global demand for edible oils and fats, where CPO is one of the major raw materials, has grown from 113.5 million MT in 2000 to 185.6 million MT in 2012 at a CAGR of 4.2%. Global demand for edible oils and fats is expected to grow to reach 209.7 million MT by 2015, registering a CAGR of 4.2% between the years 2000 and 2015. In addition, palm oil is now the world's most consumed edible oil, having surpassed soybean oil in global consumption in 2005, whereby palm oil consumption accounted for 28% of total global consumption of edible oils and fats in 2012.

With these prospects in mind, we believe that the international market will offer further incremental growth to our business and financial performance.

7.5.5 Implementation of biogas systems for renewable energy production

The Government, through the Performance Delivery Unit of Malaysia ("**PEMANDU**") and the Economic Transformation Programme, aims to develop biogas facilities at palm oil mills through one of its Entry Point Projects ("**EPP**"). This EPP strives to encourage palm oil mills to capture methane generated from palm oil waste and turn the greenhouse gas into clean renewable energy by installing biogas facilities in all mills located in Malaysia by 2020. These mills can use the electricity generated from the biogas facilities for their own consumption, and biogas plants that meet certain requirements, such as the production of a certain minimum level of electricity, will feed any excess electricity into the national power grid, thereby generating additional revenue for the mill.

We intend to participate in this initiative as we believe it will contribute to our commitment to being an environmentally responsible plantation company as well as potentially becoming an additional revenue stream in the future. As at the LPD, we are in the planning stages to build our first biogas facility at our Telok Sengat Palm Oil Mill. Over the next three financial years, we intend to build five more biogas facilities in our TRP, Nak, Kanowit, Sungai Jernih and Segamaha Palm Oil Mills. Our ability to sell any excess electricity to the national power grid will depend on the volumes and quality of the feedstock generated from our mill wastes, both POME and EFBs.

Nevertheless, we will endeavour to make this initiative a success, for the long term sustainability of the oil palm industry as well as for the benefit of potential commercial gains.

7.6 MAJOR CUSTOMERS AND MAJOR SUPPLIERS

7.6.1 Major Customers

We sell CPO to palm oil refineries in Malaysia, to be further processed into palm-based edible oils and oleochemicals. Our PK is sold to PK crushing plants in Malaysia for the production of PK products.

According to the PEMANDU in the 10th Malaysia Plan, the palm oil industry is Malaysia's 4th largest economic contributor and it accounted for a Gross National Income (GNI) of RM53 billion, indicating that, Malaysia has a large downstream palm oil segment. There are 54 palm oil refineries and 45 PK crushing plants based in Malaysia, processing CPO and PK into palm-based edible oils and PKO, respectively. Out of the 54 palm oil refineries, 36 are based in Peninsular Malaysia, 12 in Sabah and 6 in Sarawak. With such a wide base of palm oil refineries throughout Malaysia who purchase CPO as feedstock, we are not dependent on our existing major customers. In total, there are approximately 15 palm oil refineries who are our regular customers, and we continue to maintain business relationships with many of the other palm oil refineries in the country. Furthermore, as part of the Government's initiatives to increase competitiveness of local palm oil producers, CPO export duty has been lowered and we now also have the option of exporting our CPO to the international market. As such, we do not believe that we are dependent on any one of our major customers. Notwithstanding these relationships, we believe that our marketing and branding efforts have positioned our brand well in the market thus allowing us to easily target new customers.

		FYE 31 December					
		2011		2012		2013	
Customer	**Average length of relationship (years)**	**RM million**	**%(1)**	**RM million**	**%(1)**	**RM million**	**%(1)**
Mewah Oils Sdn Bhd	>10 years	69.3	7.3	28.3	3.4	71.5	10.4
Mewaholeo Industries Sdn Bhd	>15 years	51.4	5.4	35.5	4.2	77.1	11.3
Sime Darby Future Trading Sdn Bhd	> 5 years	77.9	8.2	139.1	16.6	81.2	11.9
Bintulu Edible Oils Sdn Bhd	> 5 years	142.6	15.0	102.1	12.2	49.1	7.2
Sandakan Edible Oils Sdn Bhd	>15 years	79.0	8.3	88.7	10.6	92.1	13.4

Note:

(1) Percentage of total pro forma revenue of BPB Group of approximately RM949.0 million, RM836.7 million and RM685.0 million for the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively.

7.6.2 Major Suppliers

Our major supplier (being that contributing more than 10% of our purchases) for the past three consecutive financial years was Agromate (M) Sdn Bhd. All of the purchases from Agromate (M) Sdn Bhd were for fertiliser for our oil palms.

Our major supplier is based in Malaysia which has a relatively well developed fertiliser industry owing to the large agricultural industry fuelling the nation's economy, and consequently, there are numerous fertiliser producers and traders in the country that are able to supply fertiliser and crop nutrient products that meet our quality requirements and specifications.

As such, we do not believe that we are dependent on our major supplier. Notwithstanding this, we believe that our position as one of Malaysia's most established oil palm plantation companies, coupled with our parent company BHB's strength as a prominent conglomerate, we believe we are well placed to secure new suppliers should the need arise.

		FYE 31 December					
	Average length of relationship	2011		2012		2013	
Supplier	**(years)**	**RM million**	**%(1)**	**RM million**	**%(1)**	**RM million**	**%(1)**
Agromate (M) Sdn Bhd	> 5 years	75.3	21.8	91.4	24.1	82.5	25.2

Note:

(1) Percentage of total purchases of BPB Group of approximately RM345.8 million, RM378.5 million and RM327.4 million for the FYE 31 December 2011, 31 December 2012 and 31 December 2013

7.7 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS, SPARE PARTS AND CONSUMABLES

Our Group's purchases can be classified into raw materials, spare parts and consumables as well as labour. Our raw materials are planting materials such as oil palm seeds and tissue culture ramets, and FFBs purchased from third party plantation estates. We obtain our planting materials from our associate company, AA Resources, an agricultural research company dedicated to oil palm breeding and selection research. AA Resources has a production capacity of 12.0 million oil palm seeds and 1.5 million tissue culture ramets per year. We purchase FFBs from third party plantation estates to increase the volume of FFBs processed to improve our mill utilisation rates for greater cost efficiencies. All our mills are located in our plantation estates in areas where there are many other plantation estates in close proximity. Some of these plantation estates do not have mills and are in the business of selling FFBs, hence there is generally regularly available supply of FFBs for our mills when needed. While planting materials generally have stable prices, prices of FFBs fluctuate in line with CPO prices. Nevertheless, it should be noted that any changes in prices of FFBs are reflected in our sale of palm oil products and thus, having minimal impact on our profit margin.

Our spare parts are procured to replace parts for our machineries and equipments, while contractor services are services obtained for certain major maintenance and refurbishment of these machineries and equipments. Spare parts and contractor services are generally procured from the suppliers of the machineries and equipments. There are many such suppliers in Malaysia supporting the large oil palm industry in the country and spare parts are a relatively stable cost variable.

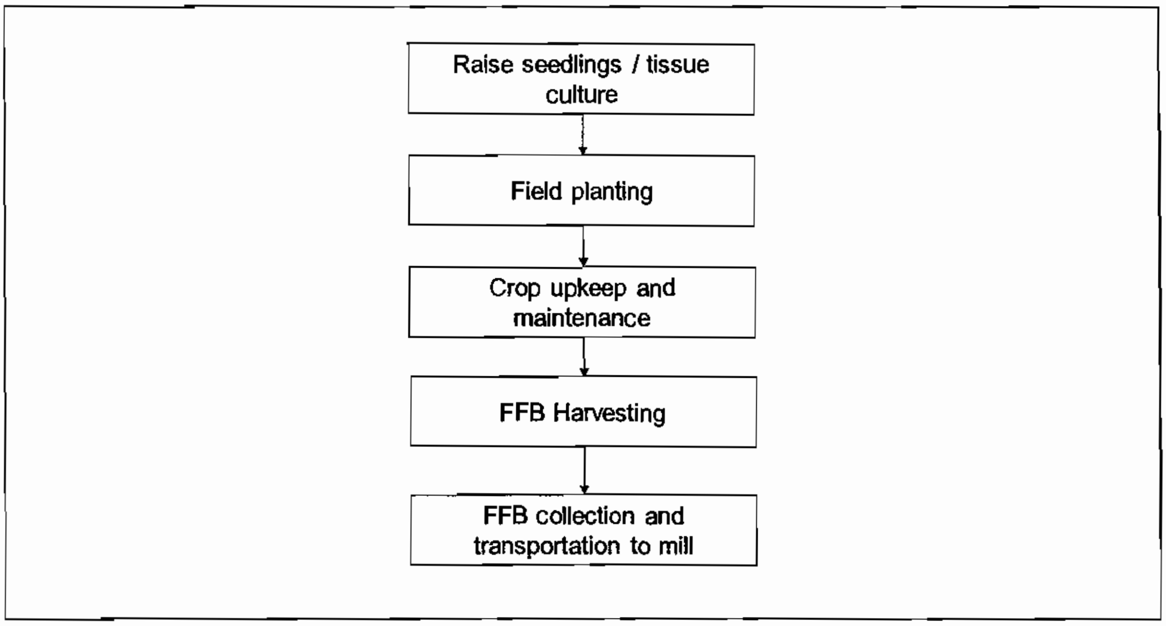
Our consumables are largely made up of supplies for crop management and for operating our machinery and equipment, which are primarily fertiliser and diesel. With a strong domestic oil and gas industry, there is no shortage of fertiliser and diesel suppliers in Malaysia. Diesel and fertiliser prices are generally volatile. Fertilisers, particularly nitrogenous and potash based fertilisers, fluctuate in line with crude oil prices by virtue of its key raw material being a by-product of crude oil and the use of crude oil in its production.

Additionally, we secure the services of plantation estate harvesters from third party companies in order to ease hiring of these harvesters as they are mostly foreign workers. We source our estate harvesters from several different third party companies and thus, we are not reliant on any single company for the sourcing of these harvesters.

7.8 PROCESS FLOW

7.8.1 Planting and harvesting of FFBs

The process of planting and harvesting of FFBs is depicted as follows:



Raise seedlings and tissue culture

Our planting begins in the nurseries located at our plantation estates, where we plant the germinated seeds and/or raise tissue culture ramets. We obtain seedlings and tissue culture ramets from our associate company AA Resources, who is involved in the R&D of higher yielding planting materials, which can typically improve production yields by over 20% compared to previous generation of planting materials during the 1970s. We raise the seedlings and the tissue culture ramets at the nurseries for about 10 to 14 months before planting them in the fields.

Field planting

The young oil palms are generally planted approximately 8.8 to 9.1 metres apart, in lines, in a pattern of equilateral triangles, which results in approximately to 136 to 148 palms per Ha, and up to 160 palms per Ha if compact palm materials are used. Oil palms generally begin to produce fruit two and a half years after planting in the fields, but the palms only begin to produce commercial harvests approximately three to four years after planting in the fields.

Crop upkeep and maintenance

From planting in the fields to commercial maturity, effective maintenance of the young oil palms is essential, which we implement though our plantation management system. We try to ensure that our immature oil palms are fertilised regularly and efficiently; that the area surrounding each young oil palm is free from other vegetation and crops which may compete with the oil palm for soil nutrients, water and sunlight; that leguminous cover crop is established to discourage the growth of competing plant life; and that the young oil palms are protected from pests and disease. We use inorganic fertilizers such as urea, rock phosphate and potash to replenish the nutrients absorbed by our mature oil palms. We also use organic fertilisers by re-using by-products from our mills such as POME and EFB. By re-using our mill by-products, we save on the cost of inorganic fertilisers, while also maintaining environmental balance.

FFB harvesting

Oil palms generally begin to produce commercial harvests approximately three years after planting in the fields. We harvest the FFBs only when an appropriate quantity of fruit become detached from the bunches, indicating peak ripeness. Our Group policy for indication of peak ripeness is when there are five loose fruits on the ground below a particular palm. The ripeness of FFBs harvested is critical in maximizing the quality and quantity of palm oil extraction. Our harvesters collect the loose fruits together with the harvested FFBs from the palm to maximise OER and KER.

FFB collection and transportation to palm oil mills

We collect our FFBs through a combination of manual collection, mechanised infield collection and mechanised platform collection through integration of mechanical grabbers and bin and tractor systems. We have also introduced motorised FFB cutters or CANTAS to replace the conventional aluminium poles for harvesting FFBs in selected oil palm areas, particularly for palm heights ranging from 3 to 7 metres. The labour to land ratio for manual harvesting of FFBs is 1:18 Ha, while the implementation of CANTAS is able to approximately double the productivity of FFB harvesting to labour to land ratio of 1:32 – 37 Ha (depending on terrain).

Thereafter, we transport harvested FFBs by tractors and trucks to the palm oil mills located at our plantation estates and aim to process 100% of the fruit within 24 hours after harvesting to minimize the build-up of free fatty acids, which typically reduce the quality of CPO extracted. The transport costs of FFB is significant due to the weight of the bunches, therefore the proximity of our mills to our plantation estates is crucial for enabling us to reduce our cost of transportation as well as maintain the quality of our CPO.

Replanting programme

In general, we replant oil palms that are over 25 years of age, but replanting efforts may be accelerated as a result of one or more of the following instances, when its FFB yield is below 12 MT per Ha; when the height of crop exceeds 40 feet; or when planted areas of at least 70 standing palms per Ha are affected by crop disease. Our replanting policy is independent of prevailing CPO prices.

We practice a strict zero-burn policy during replanting, where the oil palms are pushed-down and chipped away before the chips are pulverised, wherever possible, and used as mulch on the land to be replanted, thereby allowing the biomass from the chips of the oil palms to decompose and return nutrients to the land. Thereafter, we carry out lining (where we align the locations to be planted) and holing (where we prepare the holes) before the new oil palms are planted.

We generally practice a three-year maturity phase, which consists of terracing, and chipping, replanting, ground cover and fertiliser management during this period.

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The following sets out our historical replanting schedule from 2010 to 2013 as well as our indicative future replanting programme from 2014 to 2018.

Year	Replanting programme (Ha)
Historical:	
2011[1]	2,071.7
2012[1]	1,765.1
2013[1]	1,734.6
Future:	
2014[2][3]	*2,247.9*
2015[2][3]	*2,127.9*
2016[2][3]	*2,446.3*
2017[2][3]	*1,957.3*
2018[2][3]	*1,349.8*

Notes:

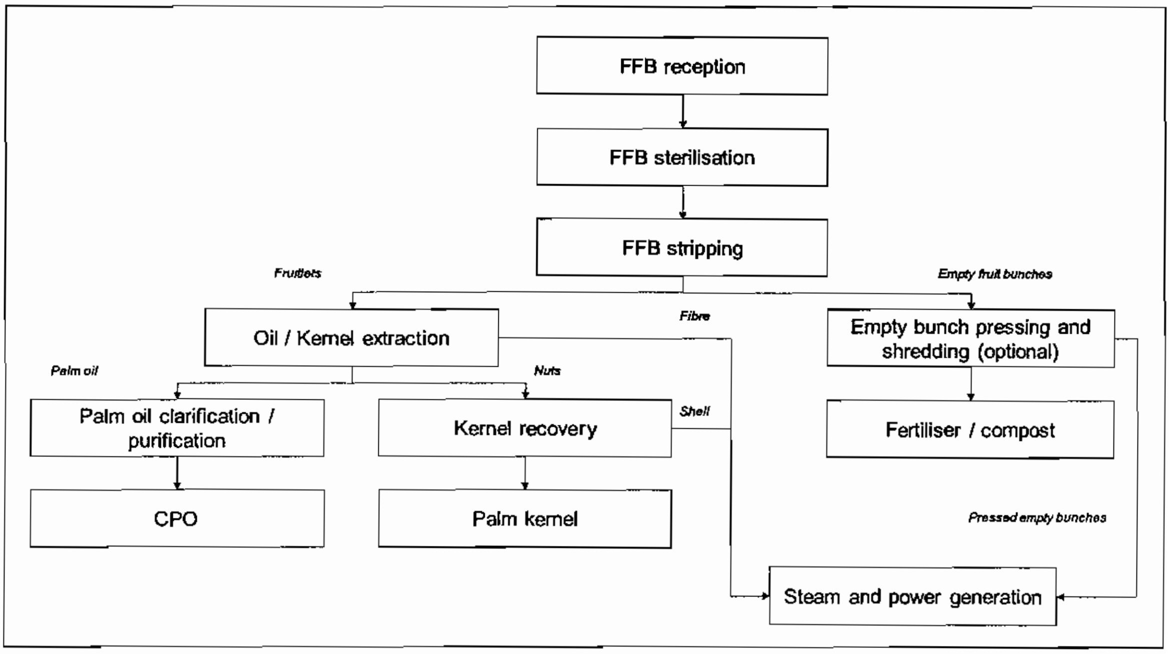
(1) Includes replanting and new planting of oil palm crops

(2) Indicative replanting targets

(3) Includes replanting based on the following conditions:
a. Oil palms older than 25 years;
b. Yield below 12 MT per hectare;
c. Crop height exceeding 40 feet; and
d. Planted areas of at least 70 standing palms per Ha affected by crop disease

7.8.2 CPO and PK production

FFBs produced on our plantation estates are harvested and transported to our mills, where processing takes place for the recovery of PK and extraction of CPO. A typical process flow is depicted below.



FFB reception

Harvested FFBs are loaded onto trucks, lorries or trailers in plantation estates and transported to our Group's palm oil mills. At the mills, the weight of the loaded vehicles are recorded prior to and post unloading of the FFBs into hoppers at the ramp station.

FFBs are then unloaded from the ramp directly into cages parked beneath the ramp or transferred to the cages by means of drag-bar type conveyors. Cages loaded with FFBs are shuttled into the steriliser in batches. At our mills that utilise tilting sterilisers, FFBs are fed directly into the sterilisers by conveyors.

FFB sterilisation

The sterilisation is carried out in horizontal/tilting type sterilisers where FFBs are cooked at a steam pressure of 3 barg.

Sterilisation deactivates the fruit enzyme in FFBs which causes the rise of free fatty acids and prepares FFBs for downstream processing. This process also facilitates the purification of palm oil by coagulating nitrogenous and mucilaginous matters, thereby preventing the formation of emulsion during the purification of crude palm oil, and also the extraction of CPO by freeing the fruits from the bunch stalks and by breaking the oil cells in the mesocarp.

Our sterilisers are equipped with programmable automatic control systems to ensure accurate and proper sterilisation for a duration of 60 minutes to 90 minutes.

FFB stripping

Post sterilisation, the FFB filled cages are discharged from the sterilisers and their contents are emptied through a rotating tipper into conveyors which convey the sterilised fruit bunches into a threshing machine. The threshers function to separate fruitlets from sterilised bunch stalks. Separated fruitlets are then transported via screw conveyors and bucket elevators to the digesting/pressing station. A crushing and secondary threshing process is employed to recover fruitlets from hard or poorly sterilised bunches which are difficult to strip.

EFBs are returned to the plantation estates and used as fertiliser mulch as they still contain high levels of potash and nutrients.

Oil extraction

The fruitlets from the threshers are passed into digestors and life steam injection to complete the breaking of oil cells through slow moving rotating stirring arms. The fruit mass from the digestors passes to the screw press where crude oil is pressed out using screw worms through holes in the side walls of the press cage, leaving pressed cake consisting of fibre and nuts.

The resulting products from pressing are crude oil, fibre and nuts. The crude oil consisting of palm oil, water and dirt is passed to the oil clarification station. Fibre is loosened from nuts by a cake breaker conveyor and separated through a depericarping winnowing system, and thereafter pneumatically conveyed to the boiler as solid waste fuel. Lastly, the nuts are graded into different sizes and cracked in ripple mills while kernels are recovered in the kernel plants.

Palm oil clarification / purification

The palm oil clarification or purification process begins in the crude oil tank at the extraction station where purifiers, sludge separators/decanters and screens are installed and ends at the vacuum dryer where the resultant product is finished or purified CPO.

Decanters are used to remove semi-solid sludge in an effort to reduce the burden on the effluent treatment system and reduce the moisture level of the sludge.

Kernel recovery

The conditioning of the nuts begins in the sterilisers while the separation takes place in the screw press. The fibre and nuts further pass through a cake breaker conveyor which agitates and separates them while removing moisture.

The fibre and nuts then pass through a pneumatic separation winnowing column where fibre is blown into a cyclone close to the boiler and the nuts pass down a polishing drum which removes any present dirt or fibrous material.

The nuts are further conditioned in nut silos before being cracked in ripple mills. The cracked mixture is separated in double winnowing separating columns for dry separation or in hydroclones or claybaths for wet separation.

Kernels pass through a kernel silo dryer which acts to normalise its moisture content in order to minimize the development of free fatty acids during storage and shipment.

Empty bunch pressing and shredding

Empty bunch presses and shredders may be installed to further recover oil and kernel, and at the same time, reduce moisture content to approximately 35% so that these bunches can be used as additional solid waste fuel for steam and power generation in other downstream processes. Pressed empty bunches can be further shredded and used as a medium for composting.

Steam and power generation

Solid waste fuel in the form of shell, fibre and pressed empty bunches which are by-products of our milling process are used as fuel for the boiler which generates steam and power for other downstream processes.

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7.9 UTILISATION RATE

Our CPO processing utilisation rate ranged from 58.0% to 62.0% for the Group over the FYE 31 December 2011, 31 December 2012 and 31 December 2013. The following sets out our maximum processing capacity and utilisation rates for the FYE 31 December 2011, 31 December 2012 and 31 December 2013.

	No. of Mills	Max FFB processing capacity per hour	Max FFB processing capacity per year	Actual FFB processed in FYE 31 December 2011	Utilisation rate in FYE 31 December 2011
		(MT)	(MT)	(MT)	(%)
Peninsular Malaysia	4	140.0	662,000	372,860	56.3
Sabah	4	170.0	805,000	470,583	58.5
Sarawak	2	105.0	495,000	276,274	55.8
Total	**10**	**415.0**	**1,962,000**	**1,119,717**	**57.1**

Note:

Maximum FFB processing capacity per year is calculated based on 20 operating hours per day over 312 available processing days in a year and a maximum monthly FFB rate of 11%.

	No. of Mills	Max FFB processing capacity per hour	Max FFB processing capacity per year	Actual FFB processed in FYE 31 December 2012	Utilisation rate in FYE 31 December 2012
		(MT)	(MT)	(MT)	(%)
Peninsular Malaysia	4	140.0	662,000	440,063	66.5
Sabah	4	170.0	805,000	469,899	58.4
Sarawak	2	105.0	495,000	293,690	59.3
Total	**10**	**415.0**	**1,962,000**	**1,203,652**	**61.3**

Note:

Maximum FFB processing capacity per year is calculated based on 20 operating hours per day over 312 available processing days in a year and a maximum monthly FFB rate of 11%.

	No. of Mills	Max FFB processing capacity per hour	Max FFB processing capacity per year	Actual FFB processed in FYE 31 December 2013	Utilisation rate in FYE 31 December 2013
		(MT)	(MT)	(MT)	(%)
Peninsular Malaysia	4	140	662,000	427,964	64.6%
Sabah	4	170	805,000	479,658	59.6%
Sarawak	2	105	495,000	234,202	47.3%
Total	**10**	**415**	**1,962,000**	**1,141,824**	**58.2%**

Note:

Maximum FFB processing capacity per year is calculated based on 20 operating hours per day over 312 available processing days in a year and a maximum monthly FFB rate of 11%.

7.10 TECHNOLOGIES USED

We employ progressive planting, harvesting and processing methods and technologies to improve crop yield, milling performance and extraction rates as well as to reduce operating cost. The technologies that we adopt as part of our operations include the following:

Planting and harvesting of FFBs

Mechanisation

We implement mechanisation programmes that are aimed at increasing the land to labour ratio in our plantation estates in an effort to improve workers' productivity, crop quality and crop evacuation from the fields.

We have enhanced our mechanisation efforts by introducing motorised FFB cutters or CANTAS to replace the conventional aluminium poles for harvesting FFBs in selected oil palm areas, particularly for crops ranging from three to seven metres in height. To date, a total of 12,000 Ha are covered by the CANTAS harvesting system. We are assessing the use of graphite harvesting poles for taller palms that exceed 14 metres.

To speed up FFB evacuation from the plantation estates to the mills for processing, we have also introduced the bin system which incorporates the mechanised infield system for FFB collection. A total of 40,000 Ha of our Group's mature areas use this innovative system.

CPO and PK production

It is our strategy to continue to adopt new and proven technologies which can further improve oil and palm kernel recovery rates and to minimise losses in the milling process.

(i) Sterilisation

We have incorporated the concept of indexer system in our palm oil mills. The indexer system is a fully automated FFB cage shunting system using hydraulic power cylinder for pushing and pulling the FFB cages from the FFB feeding area into the steriliser for cooking and to subsequently send the FFB cages out to the stripping station. The system enables our mills to use larger FFB cages and at the same time reduces the number of workers required. At present, three of our palm oil mills are fitted with this system.

All the sterilisers in our mills are also equipped with programmable automatic control system to ensure proper and accurate sterilisation to minimise oil loss as well as heat loss from the generated steam.

Further, to be on par with new developments in the palm oil industry, we have upgraded our Segaria Palm Oil Mill's conventional horizontal-type steriliser station into a tilting-type sterilisation system which reduces much of the machinery associated with the conventional horizontal-type steriliser, leading to cost savings in terms of manpower requirements and maintenance.

To better manage heat and power generation at our steam boilers, we have also installed the back pressure automatic control system at all of our mills to control steam feeding into the steriliser stations and maintain steam pressure. This has helped to improve the steam and energy balance during operations.

(ii) Threshing

In conventional palm oil mills, the sterilised bunches are passed through the rotating stripper to separate fruitlets from the sterilised stalks. The EFBs are then conveyed to the EFB hopper and returned to our plantation estates as fertiliser mulch.

In our palm oil mills, we have adopted a double threshing system. The partially stripped bunches from the first rotating stripper are then passed through a bunch crusher and a second rotating stripper to further retrieve the leftover fruitlets.

(iii) Clarification

We are in the process of adopting a simplified oil recovery system in the mill clarification plant using the decanter system. This will reduce dependency on manpower and eliminate the use of some of the machinery required. One of our palm oil mills has been using the decanter system for last three years. We plan to install more decanter systems in our mills in the future.

(iv) Effluent Treatment

We are committed to ensure that our activities have minimal impact on the environment. To ensure this, we have employed the effluent extended aeration system at 2 of our palm oil mills in order to meet the Department of Environment's (DOE) requirement to further reduce the biological oxygen demand to below 20 parts per million.

We treat all of our POME using the lagoon (pond) system. The two-phase system, namely the anaerobic and aerobic digestion, result in digested solid build-up in the ponds. We have installed several units of continuous solid removal machines or effluent dewatering systems in our palm oil mills to minimise solid build-up in the ponds.

7.11 MODES OF MARKETING AND SALES

Our Group markets and sells CPO, PK and FFB. Our sales and marketing efforts are led by Teng Peng Khen, our Senior General Manager of Sales and Marketing, and assisted by a General Manager, a Marketing Executive and six supporting staff. Our sales and distribution network extends across the ten palm oil mills in our Group. All our sales are currently generated from customers based in Malaysia. Additionally, we now have the option of exporting our CPO to foreign customers following the Government's recent decision to lower duties on exported CPO in an effort to increase the competitiveness of local palm oil producers.

Sales policies

We adopt a flexible sales policy of selling current month plus three months forward, and this allows us to lock in our forward sales in a falling market and to abstain from forward sales in a rising market. Forward sales exceeding three months are subject to Board approval. PK payments are made in advance by our customers prior to loading the PK on our customer's trucks in Peninsular Malaysia. In East Malaysia, PK payments are made post-delivery of PK to our customer's factories.

We believe in employing flexible and dynamic marketing and sales practices which allow us to respond to changes in varied variables, including changes in Government policies, currency exchange rates, weather, supply and demand dynamics of other competing vegetable oils and other market conditions.

Sales guidelines

We sell our CPO and PK directly to reputable palm oil refineries and PK crushing plants without going through brokers, thus allowing us to save on incurring additional fees for brokerage expenses. Additionally, we avoid selling to dealers and middlemen as palm oil refineries are viewed as financially sound customers with their respective installed capex. This practice has allowed us to avoid bad debt over the years, even during sharp falls in CPO prices.

Sales procedures

We currently sell CPO and PK on bid and offer basis and through negotiated contracts on long term basis in Sabah and Sarawak. The sales of our Group's CPO are on standard terms as agreed between the MPOA and PORAM. All sales, including copies of contracts, are lodged with the MPOA and the MPOB within 24 hours. We have tightened our sales procedures by ensuring that all sales conducted via telephones must be negotiated in the presence of a senior officer in our Trading Room.

Sales tools

We subscribe to the REUTERS' Trader for Commodities Advanced tool which gives us 24 hours market information on CPO and other major vegetable oils traded in global markets. We also subscribe to OIL WORLD for in-depth market research on palm oil and other major vegetable oils. Additionally, we also sit on the MPOA Market Committee which exchanges market information amongst plantation companies on a monthly basis.

7.12 RESEARCH AND DEVELOPMENT ("R&D")

Our R&D efforts carried out through our associate agricultural research company AA Resources, drive the growth and sustainability of our Group as we maintain our focus on improving quality, reducing costs and enhancing overall expertise in soil management and crop production. We co-founded AA Resources, then known as Applied Agricultural Research Sdn Bhd, in 1986 via our then subsidiaries SCB and Malakoff Berhad, as a 50:50 joint venture with Kuala Lumpur Kepong Berhad. AA Resources was incorporated in 1982 as Public Relations Management Sdn Bhd. We acquired our interest in AA Resources from SCB and Malakoff Berhad following our rationalisation exercise in 1993 involving BHB, SCB and Malakoff Berhad.

AA Resources' main office is located in Kota Damansara, Selangor, and it has laboratories and substations located in Ijok and Semenyih, Selangor; Paloh, Johor; Serdang, Kedah; Muaadzam Shah, Pahang; and Kunak, Sabah. It also has an administrative office in Pekan Baru, Indonesia managed by its 100%-owned subsidiary, PT AAR.

Our R&D at AA Resources is centred on the following research areas:

7.12.1 Breeding and selection of higher yield planting materials

Our research into the development of new planting materials include oil palm clonal seeds, tissue culture ramets and compact (i.e. small, balanced stature) palms. The research in cloning the best of Dura and Pisifera palms and tissue culture ramets is intended to produce higher yielding FFB with better oil content. In this respect, AA Resources successfully developed and commercialised tissue culture ramet planting materials in 1999, which was then branded as AA Vitroa in 2009. Ramets are identical oil palm offsprings produced through the cloning of the original productive palm using the tissue culture method. In 2007, AA Resources developed and commercialised the AA Hybrida 1, a hybrid seed produced through "selfing", which is the pollination of palms within the same tree, selected for "selfing" due to its high productivity. In 2012, AA Resources successfully developed the AA Hybrida 1S semi-clonal hybrid seed which produces oil palms with more, albeit smaller bunches, FFBs yielding over 20% higher oil content than conventional seeds.

In addition to developing hybrid seeds and ramets for higher oil yield, AA Resources developed hybrid seeds for compact palms used for high density planting in 2009, where due to the slower height increment of the oil palms and shorter length of fronds, we are able to plant up to 160 oil palms per Ha, compared with approximately 136 to 148 oil palms per Ha using conventional planting materials. The plant breeders at AA Resources is committed to continuously improving oil yields even further, apart from secondary characteristics such as higher carotene content in the oil and longer bunch stalks.

AA Resources' production capacity in Malaysia is approximately 12.0 million seeds and 1.5 million tissue culture ramets per year.

Our long term R&D breeding plan is to produce elite planting materials using marker assisted genome-wide selected palms from molecular marker assisted breeding selection. This will lead to more precise predictions of superior parents for seed production and reduce the selection period. We are participating in an oil palm genomic project with a consortium of research organisations led by the Centre de coopération Internationale en Recherche Agronomique pour le Développement ("**CIRAD**"), or Centre for Agricultural Research for Development, for the development of genomic resources that can be applied in our molecular assisted selection in oil palm breeding. We are also collaborating with University of Nottingham, UK as well as the Malaysia Campus towards the development of a molecular tool box to verify the purity of oil palm seedlings.

7.12.2 Crop protection focused on effective pest management

Our crop protection R&D focuses on three main pests which are common in the oil palm industry, namely rats, rhinoceros beetles and leaf-eating caterpillars; and the palm disease caused by the fungal pathogen *Ganoderma boninense*. AA Resources' R&D team has conducted trials of chemical and biological protection solutions for adoption in our plantation estates. Chemical protection involves the use of pesticides and insecticides, while biological protection uses predators, pheromones and parasites to control pests. Our emphasis is naturally to emphasise on biological systems as it is less damaging to the environment.

7.12.3 Agronomic research to preserve soil fertility

AA Resources' R&D team carries out agronomic research focusing on soil health, soil fertility, moisture conservation and optimum fertiliser requirement. Our agronomic research also studies the composting of palm EFB by microbes, and uses it as substitute for inorganic fertilisers, where the beneficial microbes have proven functional activities to improve soil fertility.

7.12.4 Precision agriculture

AA Resources' R&D efforts also include researching the use of remote sensing and GIS to improve plantation practices, specifically for plantation road and terrain planning for planting purposes. At present, we are studying the use of UAVs for plantation mapping and identification of agro-management issues in the plantation estates, which allows accurate planning of plantation roads and determines the planting points of new oil palm seedlings, as well as implementing site-specific practices to maximise the growth and production of oil palm.

The advantage of precision agriculture is to maximise the growth and production of oil palm in the plantation estates where variable rate applicators are used to match inputs and outputs or site specific requirements of each planting block.

Among AA Resources' key R&D achievements include, but are not limited to, the following:

Research area	Achievement
Breeding and selection of planting material	• Developed AA Vitroa tissue culture ramets • Developed and trademarked hybrid seed AA Hybrida 1 • Developed and trademarked semi-clonal hybrid seed AA Hybrida 1S, which produces oil palms with more, albeit smaller bunches, FFBs yielding over 20% higher oil content than conventional seeds • Developed compact palms for high density planting • Developed protocol for large scale propagation of oil palm through tissue culture method
Crop management	• Established existence of differential aggressiveness of Ganoderma, critical for screening of oil palm for tolerance against it • Identified causal fungi causing leaf spot disease
Agronomy	• Patented AA+ plastic mulch, a plastic mulch cover used for covering one-off application of fertiliser lasting one year and locks in beneficial moisture for an oil palm • Developed proprietary system to compute optimum fertiliser efficiency • Developed an agronomy management software to assess performance of oil palm plantations
Precision agriculture	• Developed methods to utilise GIS, GPS and remote sensing for plantation mapping

Moving forward, AA Resources aims to increase annual seed production in Malaysia to about 10.0 million seeds. Tissue culture ramets will likely be maintained at 1.0 million per year unless certain tissue abnormality issues can be resolved and labour dependency for tissue culturing can be reduced. AA Resources' key future R&D initiatives include, but are not limited to, the following:

Research area	Research plans	Estimated timeline for implementation/ commercial planting
Breeding and selection of planting material	• Evaluate and commercialise AA Hybrida II	• 2015-2018
	• Evaluate and commercialise AA Hybrida III	• 2023-2028
	• Develop Ganoderma tolerance palms	• 2013-2020
	• Improve tissue culture success rates	• 2013-2018
	• Develop seeds through genome marker selection	• 2023-2028
Crop management	• Evaluate and develop biological control of pests	• 2013-2020
	• Use pathogens to cause disease to Ganoderma fungus	• 2013-2015
Agronomy	• Improve fertiliser use efficiencies	• 2013-2018
	• Develop methods to conserve soil moisture	• 2013-2018
Precision agriculture	• Develop protocol for use of UAV in plantation mapping	• 2013-2015

Our Group incurred R&D expenses of RM7.5 million, RM8.4 million and RM10.8 million which translates to approximately 0.8%, 1.0% and 1.6% of the total pro forma revenue of our Group for the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively.

7.13 SEASONALITY/CYCLICALITY

The harvest of FFBs at our plantation estates tend to increase in the second half of the year as a result of rainfall patterns in Malaysia, which typically lead to a greater supply of CPO and PK during the second half of the year as FFB is processed following its harvest.

There is no seasonality in the demand for CPO and PK as global demand for edible oils is generally consistent throughout the year.

7.14 INTERRUPTION TO BUSINESS AND OPERATIONS

Since 2009, pockets of our operations at the Kelimut Estate, Maong Estate and Bukit Limau Estate have been affected by conflicts and disputes resulting from claims of NCR land rights on certain parcels of land within these estates. Arising from these conflicts and disputes, there have been unauthorised harvesting and pilferage of FFBs, as well as field blockades preventing entry of our harvesters, by certain local native parties. As a result, our FFB harvests from these three estates in Sarawak have been affected. Our estimated total losses arising from the unauthorised harvesting and pilferage of FFBs at the Kelimut Estate, Maong Estate and Bukit Limau Estate for the FYE 31 December 2012 and 31 December 2013 are approximately RM2.5 million (representing 4,728 MT of FFB) and RM9.1 million (representing 21,345 MT of FFB), respectively. The increase in the unauthorised harvesting in the FYE 31 December 2013 in Kelimut Estate, Maong Estate and Bukit Limau Estate was due to, amongst others, the following:

(a) the increase in harvesting of FFBs by native communities in the areas under dispute during the ongoing protracted legal proceedings where there is currently a stay of execution granted by the Sibu High Court. This is in connection with B Kanowit's appeal on the Sibu High Court decision on 30 April 2012 in favour of the natives in respect of their claims on NCR lands within Kelimut Estate and Maong Estate; and

(b) the full year's impact of illegal harvesting in 2013 following the injunction filed by B Tinjar with the Miri High Court in June and August 2012. The injunction was filed to restrain certain native communities in Bukit Limau Estate from, among others, entering and occupying Bukit Limau Estate as well as harvesting FFBs in Bukit Limau Estate pursuant to the provisional leases held by B Tinjar for Bukit Limau Estate. The said injunction had also aggravated certain native communities in Bukit Limau Estate and led to the spread of illegal blockades within Bukit Limau Estate, which grew from approximately 89 Ha in early 2012 to approximately 1,806 Ha by the end of 2012.

While efforts are being taken to increase the security measures in the areas affected by unauthorised harvesting and pilferage of FFBs, and we may yet seek an amicable solution with the claimants of NCR land rights to avoid further disruptions to our plantation operations in the areas concerned, these disputes are also currently being heard in the courts. For further details, see Sections 5.2.3 and 15.5 of this Prospectus.

7.15 QUALITY CONTROL, CERTIFICATIONS AND RECOGINITION

We adopt stringent quality control practices at each stage of the production process to ensure that the quality of our products meet customer expectations. It is our policy to be recognised by our customers and the industry as a reliable supplier of quality palm products and services that not only meets but exceeds expectations. Our quality management practices extend across the supply chain of our operations, from crop cultivation to CPO and PK production as well as purchasing and the marketing and distribution of FFB, CPO and PK. The implementation of a holistic quality management system allows us to ensure that FFB quality is monitored and controlled from the field to the mills in all our plantation estates.

Our quality control practices at the plantation estates are focused on harvesting and crop quality. We strive to achieve harvesting rounds no less than 2.5 times a month as optimum harvesting rounds can minimise percentages of over-ripe bunches which are the cause of crop loss and poor quality of CPO. Our harvesters are also trained to identify and harvest ripe fruit bunches, and ensure that all loose fruits are collected. We implement a policy whereby all harvested crop must be transported to the mill within 24 hours for processing. Harvested FFBs also undergo quality inspections prior to being transported to mills. These measures ensure high quality of FFBs, which in turn will yield high OER and KER as well as low free fatty acid oil.

Quality control at our mills is implemented through a series of quality management practices that we define as Good Milling Practices (GMP). Throughout the production of CPO and PK and prior to product distribution to customers, our products must pass the various quality control inspections outlined in our standard operating procedures and conform to international standards. Each of our palm oil mills has its own quality control team to monitor quality of products, ensure efficiency of the production process and to minimise product losses.

Over the years, we have also established sound agricultural and management policies, consistent and effective standard operating procedures, as well as adopted operational best practices that has led to our success today. In 1997 we embarked on an exercise to digitally-map our plantation estates using GPS, a space-based satellite navigation system. This led to the design of our own computerised plantation MIS. The MIS is a management tool that is tailored for precision farming where individual plantation performances (e.g. yield maps and profit margin analysis) and status of activities taking place at plantation estates (e.g. pruning, manuring and weeding schedule) can be viewed at headquarters.

In 2008, we implemented the Crop Quality Continuous Improvement Program (CQCIP) with the aim of improving performance at our mills. Under this program, the Mill Coordinating Committee (MCM) meets monthly to review mill performance and take appropriate corrective action to improve productivity. Performance audits are carried out on underperforming mills to identify key improvement areas and key success factors from best performance mills are adopted at the underperforming mills to boost productivity. Critical areas of concern are escalated to the Performance Management Committee (PMC) which comprises representatives from the estates, mills and headquarters. Records of our plantation performance are recorded on our MIS by AA Resources.

Our strong commitment to quality is evident in our adoption of a structured and holistic Quality Management System that is certified under ISO9001:2008. As at the LPD, eight of our ten mills are certified with the ISO9001:2008 Quality Management Standards. The remaining two mills, namely Lepan Kabu Palm Oil Mill and Rimba Nilai Palm Oil Mill are working towards the certification of ISO standards in 2014. Amongst the eight mills, six were accredited with ISO standards over a decade ago, while the remaining two mills were accredited since 2005 and 2007, respectively.

Year First Awarded	Latest Year Renewed	Processing facility
1998	2013	B Rimba Nilai, Segamaha Palm Oil Mill
1998	2013	B Rimba Nilai, Sungai Jernih Palm Oil Mill
1995	2013	B Telok Sengat, Telok Sengat Palm Oil Mill
2005	2011	B Kanowit Oil Mill, Kanowit Palm Oil Mill
1995	2012	B Emastulin, Segaria Palm Oil Mill
2003	2012	B Telok Sengat, TRP Palm Oil Mill
2003	2012	B Gradient, Nak Palm Oil Mill
2007	2013	B Tinjar, Loagan Bunut Mill

7.16 OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT

We are committed to ensuring and maintaining high standards of health and safety of our workforce, as well as preserving the environment. We believe that these are important aspects for a sustainable palm oil business.

7.16.1 Occupational safety and health

We place great emphasis on the occupational safety and health of our employees by ensuring that our premises are clean and safe working environments. We adhere to various health, safety and food safety laws and regulations which protect our workers, customers and consumers of our products. We have developed specific Occupational Safety and Health Administration guidelines which are adhered to by all our plantation estates and mills. We take several measures to prevent likely accidents and occupational illnesses. We also have a Hospital Assistance Programme in place that provides free medical treatment, safety, health and environmental programs for surrounding communities.

Our health, safety and food safety policies are reviewed periodically and we are committed towards improving existing activities for total compliance of the relevant laws and regulations governing occupational safety and health. Additionally, our premises are subject to regular inspections by Government authorities.

7.16.2 Environment

Sustainable agricultural practices

We are committed to adopting sustainable agricultural practices in our daily operations where all aspects of environmental health, economic profitability and social responsibility are deemed equally important. We firmly believe in conservation efforts aimed at protecting the environment and have been committed to develop and cement best practices that lead to the sustainability of our Group's business. To this end, we have implemented several policies and agronomic practices in order to work towards a sustainable future including:

(i) zero-burning policy which is aimed at preserving good air quality;

(ii) soil and water conservation management which is aimed at preventing soil degradation, environmental pollution and improving water use efficiency, thereby obtaining maximum sustained level of production from a given area of land;

(iii) drainage and water management which is aimed at ensuring well-aerated root zones for effective root functions and minimising the potential effects of floods; and

(iv) integrated pest management in plantation estate which is aimed at minimising the frequency and quantity of synthetic pesticides for sustainable management of oil palm pests.

We are a member of the RSPO, an ongoing international initiative focused on making good agricultural practices a standard for sustainable palm oil. In 2011, we instituted a ten-year programme to ensure that all our oil palm plantation business units obtain RSPO certification by the year 2021. Our Sungai Jernih Business Unit was the first unit in our Group to receive RSPO certification in 2011. Our Nak Business Unit in Sandakan is expected to attain its RSPO certification in 2014. In total, 6,898 Ha of our plantation estates have RSPO accreditation.

Year	Processing facility	Quality certifications	Awarding body
2011	B Rimba Nilai, Sungai Jernih Business Unit	RSPO Principles & Criteria (2007) for the Sustainable Palm Oil Production for the period of 12 September 2011 to 11 September 2016	SGS (Malaysia) Sdn Bhd

7.17 EMPLOYEES

As at the LPD, we had a total of 75 full-time employees that were based at our headquarters. The following table depicts the details of these employees:

	Total number of full-time employees at the Head Office				Average year(s) of service as at the LPD			
	FYE 31 December							
Department	2011	2012	2013	As at the LPD	< 1 year	1 – 5 years	6 – 10 years	> 10 years
Estates	12	13	14	14	1	5	2	6
Planting Advisors(1)	10	9	7	7	-	1	-	6
Group Engineering	12	12	11	12	1	-	1	10
Finance & Accounts	22	22	24	25	3	7	4	11
Marketing	7	7	5	5	-	-	1	4
Human Resources	3	3	3	3	-	-	-	3
General/ Secretarial	10	10	9	9	-	4	1	4
Total	**76**	**76**	**73**	**75**	**5**	**17**	**9**	**44**

Note:

(1) Planting Advisors are full-time employees based at our head office who provide plantation advisory services to our oil palm plantation estates, whereby they carry out operational and financial audits of the estates under their purview once every six months and findings from these audits are submitted to the senior management of BPB for further action.

Our Group also has an additional 11 employees under service contracts as at the LPD, of which 8 are senior and middle management employees. Details of these employees are depicted in the following table:

	Total number of service contract employees at the Head Office				Average year(s) of service as at the LPD			
	FYE 31 December							
Department	2011	2012	2013	As at LPD	< 1 year	1 – 5 years	6 – 10 years	> 10 years
Estates	1	1	2	2	-	-	-	2
Planting Advisors(1)	1	1	1	1	-	-	-	1
Group Engineering	2	2	2	2	-	-	-	2
Finance and Accounts	2	2	1	1	-	-	-	1
Marketing	1	1	2	2	-	-	-	2
Human Resources	1	1	1	1	-	-	-	1
General	2	2	3	2	-	-	-	2
Total	**10**	**10**	**12**	**11**	**-**	**-**	**-**	**11**

Note:

(1) Planting Advisors are full-time employees based at our head office who provide plantation advisory services to our oil palm plantation estates, whereby they carry out operational and financial audits of the estates under their purview once every six months and findings from these audits are submitted to the senior management of BPB for further action.

As at the LPD, our Group had a total of 9,814 employees comprising 5,535 full-time employees and 4,279 contract/temporary workers in the plantation estates and mills, of which 6,232 are foreign workers.

Details of our full-time employees in the plantation estates and mills are illustrated in the following table:

	Total number of full-time employees in estates and mills				Average year(s) of service as at the LPD			
	FYE 31 December			As at				
Department	**2011**	**2012**	**2013**	**the LPD**	**< 1 year**	**1 – 5 years**	**6 – 10 years**	**> 10 years**
Administration	896	942	954	421	33	117	84	187
Operations	308	326	349	484	72	211	116	85
Field	2,744	2,924	3,085	4,463	873	1,901	793	106
Total	**3,948**	**4,192**	**4,388**	**5,535**	**978**	**2,229**	**993**	**1,335**

7.18 LABOUR UNION

Our plantation estate workers in Peninsular Malaysia are members of the NUPW. Meanwhile, our clerical, health, medical and technical staff at our plantation estates in Peninsular Malaysia are members of the All Malayan Estates Staff Union (AMESU). None of our employees in Sabah and Sarawak belong to any labour unions.

7.19 LABOUR DISPUTE

There have been no material employee or labour disputes in the FYE 31 December 2011, 31 December 2012 and 31 December 2013.

7.20 TRAINING AND DEVELOPMENT

We regularly invest in programmes that promote employee advancement and meet our specific business needs while continuously enhancing the qualifications of our staff so as to maintain and enhance our competitiveness and our know-how as we continue to grow. We provide our employees with opportunities to participate in externally conducted training programmes, such as those relating to various aspects of our business operations, crop productivity, resource management and work safety.

The following table provides details of the recent training programmes attended by our employees:

Type of training	Training	Organiser
Industry seminars	Malaysian International Palm Oil Congress (PIPOC) 2013	MPOB
	Competitive Strategies During Low Commodity Prices	The Incorporated Society of Planters

Type of training	Training	Organiser
	PIPOC Green Opportunities from the Golden Crop	MPOB
	Palm and Lauric Oils Conference and Exhibition Price Outlook (POC) 2013	Bursa Malaysia Derivatives Berhad
	CEO Forum 2013	Perdana Leadership Foundation
	10th Natsem Confronting Management Challenges in the Oil Palm Industry	The Incorporated Society of Planters
	International Seminar on Oil Palm Breeding	The International Society for Oil Palm Breeders and MPOB
Technical training	Import & Export Customs Procedure	Pacific Leadership Development
	Seminar on Assessing Soil Microbial Biodiversity: Agriculture & Environment	MPOB
	SOILS 2013 : Good Agriculture Practice (GAP) for Soil Health Sustainability	Malaysian Society of Soil Science
	Mosta Best Practices Workshop on Scientific Writing	Malaysian Oil Scientists' and Technologists' Association
	Plant Nutrition for Nutrient and Food Security	International Plant Nutrition Colloquium (IPNC)
	Oil Palm Practical Innovative Technologies 2013	Malaysian Oil Scientists' and Technologists' Association
	Area Security Advisors MPOA	MPOA
General management training	Affin Investment Conference Series 2013 (Politics and Business-The Malaysia Connection)	Affin Bank Berhad
	Effective Quality Management Representative	SIRIM Berhad
	Effective Management Review	SIRIM Berhad
	Corrective Action & Preventive Action	SIRIM Berhad
	ISO 9001:2008 Internal Auditing	SIRIM Berhad
	Team Building	X Power Event Management
	Lead Auditor Training ISO 9001:2008 QMS	SIRIM Berhad

Type of training	Training	Organiser
Finance & accounting – Regulatory training	Advocacy session on disclosures for Chief Executive Officers/Chief Financial Officers	Bursa Securities
	Getting Ready for IFRS Convergence	PwC Malaysia
	Write like a Professional	Alistair King Training
HR-related training	Placement Test for English Course	British Council
	The Employees Provident Fund (EPF) Act 1991 & Employees' Social Security Act (SOCSO) 1969	Institute of Professional Advancement
	Seminar on Taxation	Lembaga Hasil Dalam Negeri Malaysia – Malaysian Employers Federation
	Human Resources Development Fund (HRDF) Conference & Exhibition 2013	Pembanguan Sumber Manusia Berhad
	Employers' Obligation Under the Income Tax Act 1967	Malayan Agriculture Producers Association
Occupational safety and health training	Basic Occupational First Aid and CPR Training Course	Academy of Safety and Emergency Care Sdn Bhd
	Customised Combined Drill	Academy of Safety and Emergency Care Sdn Bhd

7.21 MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

Details of material properties owned by our Group or leased/tenanted by our Group and our material equipment are set out in Annexure B of this Prospectus.

7.22 TECHNOLOGY AND INTELLECTUAL PROPERTY

As at the LPD, we do not have any brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights.

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7.23 GOVERNING LAWS AND REGULATIONS

The laws and regulations in relation to the palm oil industry are mainly governed by the following:

7.23.1 Ministry of Plantation Industries and Commodities

The Ministry of Plantation Industries and Commodities is responsible for the development of the primary commodity sector of the economy, which among others, includes palm oil. The Ministry of Plantation Industries and Commodities is empowered to make regulations for the palm oil industry of Malaysia.

7.23.2 Governing laws and regulations relating to palm oil industry

The cultivation, movement, sale, purchase and milling of the palm fruit as well as the sale, movement and purchase of CPO and PK in Malaysia are governed by, amongst others, the following legislations:

(i) Malaysian Palm Oil Board Act, 1998 ("MPOB Act")

MPOB Act empowers MPOB to govern and regulate every aspect of palm oil business. The MPOB Act emphasises on the composition and the powers of the MPOB. The establishment of the MPOB is to promote and develop the oil palm industry of Malaysia and to develop national objectives, policies and priorities for the orderly development and administration of the oil palm industry of Malaysia. Furthermore, the MPOB is also responsible for regulating, registering and coordinating all activities relating to planting, production, harvesting, extraction, processing, storage, transportation, use, consumption and marketing of oil palm and its products.

Hence, our Group has a duty to work hand in hand with the MPOB to ensure the objective can be achieved and will benefit the country. Our Group will have to comply with regulations passed by the MPOB, where applicable.

(ii) Palm Oil Industry (Licensing) Regulations, 2005

Pursuant to the Section 78 of the MPOB Act, the Palm Oil Industry (Licensing) Regulations regulate the palm oil licensed activities. These regulations prescribe the procedures and the relevant forms for applications for licences to produce, sell, store, purchase, export or import of oil palm planting material, oil palm fruit, PK and other palm oil produce.

As our Group's main business revolves around oil palm plantation, these regulations must be adhered to ensure smooth and legitimate operations whether in producing or manufacturing palm products. Our Group's obligation is to monitor all existing licences and apply for renewal if necessary.

(iii) MPOB (Quality) Regulations, 2005

The purpose of MPOB (Quality) Regulations is to control and determine the quality of all activities in the palm oil industry. This includes, inter alia, production and management of oil palm planting material; grading and milling of oil palm fruit; and processing, handling, storage, transportation of palm oil products. Quality declarations for the export, import and internal trade of palm oil products shall be made to the MPOB in order to determine whether such product conform to the type and quality of palm oil products that may be sold, exported and imported or to those specified in the contract for sale relating to such product. Furthermore, the MPOB may set conditions on the sale of palm oil products.

Our Group shall refer to the guidelines stated in the MPOB (Quality) Regulations to ensure the quality of the palm oil product.

(iv) MPOB (Registration of Contracts) Regulations, 2005

The diverse nature of our Group's business in oil palm plantation estate involves a lot of highly dependent contracts to maintain a sustainable business model. The MPOB (Registration of Contracts) Regulations provide for the registration of contracts in relation to the sale and purchase of oil palm products and the details of such contracts (other than contracts for palm oleochemicals which need not be registered but not including international contracts for export of palm oleochemicals). It is a requirement to ensure such contracts are specifically tailored for palm oil business. The MPOB must be informed of such contracts based on the procedures laid out under these regulations.

(v) MPOB (Compounding of Offences) Regulations, 2005

Under the MPOB (Compounding of Offences) Regulations, all offences committed under the MPOB Act and regulations enacted under the MPOB Act that are specified in this regulation, may be compounded by the Director-General of the MPOB. Due to the complexity of process and nature of the palm oil business, it is important for our Group to distinguish the act or conduct which amounts to an offence.

(vi) Industrial Co-ordination Act, 1975

Under the Industrial Co-ordination Act, 1975 and the Industrial Co-ordination (Exemption) Order, 1976, a licence is required for any manufacturing activity with shareholders' funds of RM2.5 million and above and/or manufacturing activity employing 75 or more full-time paid employees. A licence will have to be obtained for the manufacture of specified products at each separate manufacturing site. Licences are typically issued in accordance with national economic and social objectives and to promote the orderly development of manufacturing activities in Malaysia. They are issued by the MITI, subject to conditions of the licence and are non-transferable save with the prior approval of MITI.

(vii) Control of Supplies Act, 1961

The Control of Supplies Act, 1961 governs the law on controlled article in Malaysia. Cooking oil, fertiliser and sugar are products that have been gazetted as controlled article in Malaysia. Pursuant to the Control of Supplies Regulations, 1974, a licence is required for any person to deal, by wholesale or retail, in any scheduled article (which includes a controlled article as defined in this act and is specified in Part 1 of the Schedule) or to manufacture any scheduled article.

The Controller of Supplies has the authority in enforcing the rules and regulations as provided in this act. As our Group's main business revolves around the palm oil business, this will prevent any misuse or speculation on the controlled article and prevent black market operations with regards to palm oil industry.

(viii) Price Control and Anti Profiteering Act, 2011 ("PCAPA")

The PCAPA replaced the Price Control Act, 1946 ("**PCA**") and came into force on 1 April 2011. The PCAPA provides for the control of prices of goods whereby the MDTCC may, among other things, determine the maximum, minimum or fixed prices for the manufacturing, producing, wholesaling or retailing of goods.

In addition, the Price Advisory Council shall advise the Minister of MDTCC on issues relating to profiteering and the Minister of MDTCC shall prescribe the mechanism to determine whether profit is unreasonably high. The Price Controller is empowered to investigate and enforce the provisions of the PCAPA including any person making unreasonably high profits by selling, supplying or offering to sell or supply goods.

7.23.3 Other relevant Malaysian legislation

(i) Factories and Machinery Act, 1967 ("FMA")

The FMA governs the occupational safety, health and welfare of persons working in a factory. The FMA also governs the registration and inspection of the machines used in a factory. The FMA and the regulations enacted under it is the cornerstone legislation for occupational, safety and health improvement in the manufacturing industry, mining, quarrying and construction industries, apart from the general duties to employees under the Occupational Safety and Health Act, 1994.

Under the FMA, our Group has a duty to maintain the standards of safety, health and welfare of our factories and our factory workers. In addition, our Group must ensure that the machineries used are in good condition and must be registered.

(ii) Occupational Safety and Health Act, 1994 ("OSHA")

Under the OSHA, we have a general duty to our employees to provide and maintain the plants and systems of work that are, so far as is practicable, safe and without risks to health, provide information, instruction, training and supervision to ensure, so far as is practicable, the safety and health of our employees at work, and to provide a working environment, which is as far as possible safe, without risks to health, and adequate as regards facilities for their welfare at work. We also have a duty to ensure, so far as is practicable, that other persons, not being our employees, who may be affected thereby are not thereby exposed to risks to their safety or health.

As we employ 9,814 full-time and contract/temporary employees working in estates and mills we are obliged under the OSHA to employ a safety and health officer, who is tasked with ensuring the due observance of the statutory obligations as regards to workplace health and safety and the promotion of a safe conduct of work at the place work. We have also set up a health and safety committee, which we consult in promoting and developing measure to ensure the safety and health at the place of work of the employees, and in checking the effectiveness of such measures.

(iii) EQA

The EQA restricts pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without a licence, prohibits the discharge of oil into Malaysian waters without licence, discharge of wastes into Malaysian waters without a licence, and prohibits open burning. The agency responsible for implementing and monitoring Malaysian's environmental regulations and policies is the Malaysian Department of Environment and the local environmental authority.

(iv) Employment Act, 1955

The Employment Act, 1955 governs the law on the employment contracts entered into between employer and employee in Peninsular Malaysia and Federal Territory of Labuan, Malaysia. Our Group employs a vast amount of workers in management as well as at operational level. Furthermore, our Group's business is highly dependent on foreign labour and contractors in maintaining an efficient operation. As such, the Employment Act, 1955 is important as it stipulates the laws on foreign workers and contractors.

Please refer to Annexure A of this Prospectus for details of our material licenses, permits and approvals.

7.24 DEPENDENCY ON COMMERCIAL CONTRACTS

As at the LPD, there are no commercial contracts (including informal arrangements or understandings) which have been entered into by our Group of which our Group is highly dependent upon.

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SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)
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SMITH ZANDER

0 2 MAY 2014

The Board of Directors
BOUSTEAD PLANTATIONS BERHAD
28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Dear Sirs,

Executive Summary of the Independent Market Research Report on the Palm Oil Industry in Malaysia and Edible Oils and Fats Market Globally in relation to:

I Initial Public Offering of up to 656,000,000 ordinary shares of RM0.50 each in Boustead Plantations Berhad ("BPB Shares"), comprising an offer for sale of up to 76,000,000 BPB Shares and a public issue of 580,000,000 new BPB Shares to retail and institutional investors; and

II Listing of and quotation for the entire issued and paid-up share capital of Boustead Plantations Berhad on the Main Market of Bursa Malaysia Securities Berhad

This Executive Summary of the Independent Market Research Report on the Palm Oil Industry in Malaysia and Edible Oils and Fats Market Globally is prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus of BOUSTEAD PLANTATIONS BERHAD.

For and on behalf of SMITH ZANDER:

DENNIS TAN
MANAGING PARTNER

SMITH ZANDER INTERNATIONAL SDN BHD
(1058128-V)
Level 23, Premier Suite,
One Mont' Kiara,
1 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur, Malaysia.

1 ANALYSIS OF THE PALM OIL INDUSTRY IN MALAYSIA

1.1. Definition, Segmentation and Value Chain

According to the Performance Management & Delivery Unit (PEMANDU) in the 10th Malaysian Plan, the palm oil industry is the nation's fourth largest economic contributor and accounted for a gross national income (GNI) of RM53 billion. Palm oil and palm oil-based products are the largest export income generator in the agricultural products segment. In 2013, the exports of palm oil and PKO totalled an estimated RM48.7 billion, with China, India and Netherlands emerging as principal importers of Malaysia's palm oil. In the year 2009, the palm oil industry formed 3.3% of Malaysia's GDP with a contribution of RM17 billion.

The value chain of the palm oil industry focuses on the activities of cultivating oil palm crops, processing of FFBs and processing/refining of refined, bleached and deodorised (RBD) palm oil and PKO into edible oils and fats, oleochemicals and biodiesel.

- **Cultivation of oil palm crops**

  The commercial cultivation of oil palm bears FFBs of oilseeds. FFBs are harvested from crops which mature approximately three years from planting, and mature crops typically remain economically productive for up to 25 to 30 years. This crop thrives in tropical climate countries within 10° to 20° off the equator line, where there is little seasonal variations and constant temperature, humidity, rainfall and sunlight. As a result, oil palm is largely cultivated in countries in Asia, Africa, Central America and South America, as well as certain parts of the Oceania region. Malaysia's first commercial oil palm plantation was the Tennamaram Estate in Selangor and this plantation was established and operated by British plantation owners. The increasing demand for palm oil products and supporting Government initiatives spurred the development of plantation development in Malaysia.

- **Processing of FFBs**

  Harvested FFBs are processed in a mill where these oilseeds undergo processes such as sterilisation, threshing and pressing. These processes lead to the extraction of CPO from the mesocarp, and palm kernel from nut shells. CPKO is produced from crushed and refined palm kemel. The by-product of these processes results in EFBs which are typically used as feedstock for biomass boilers to power mill operations, and as compost in the production of biofertilisers for plantations.

  Refining and fractionation of CPO is required to produce RBD palm oil, liquid RBD palm olein and solid RBD palm stearin in refineries, which are collectively referred to as palm oil. Further refining and fractionation of CPKO produces RBD PKO, liquid RBD palm kernel olein and solid RBD palm kemel stearin, which are collectively referred to as PKO.

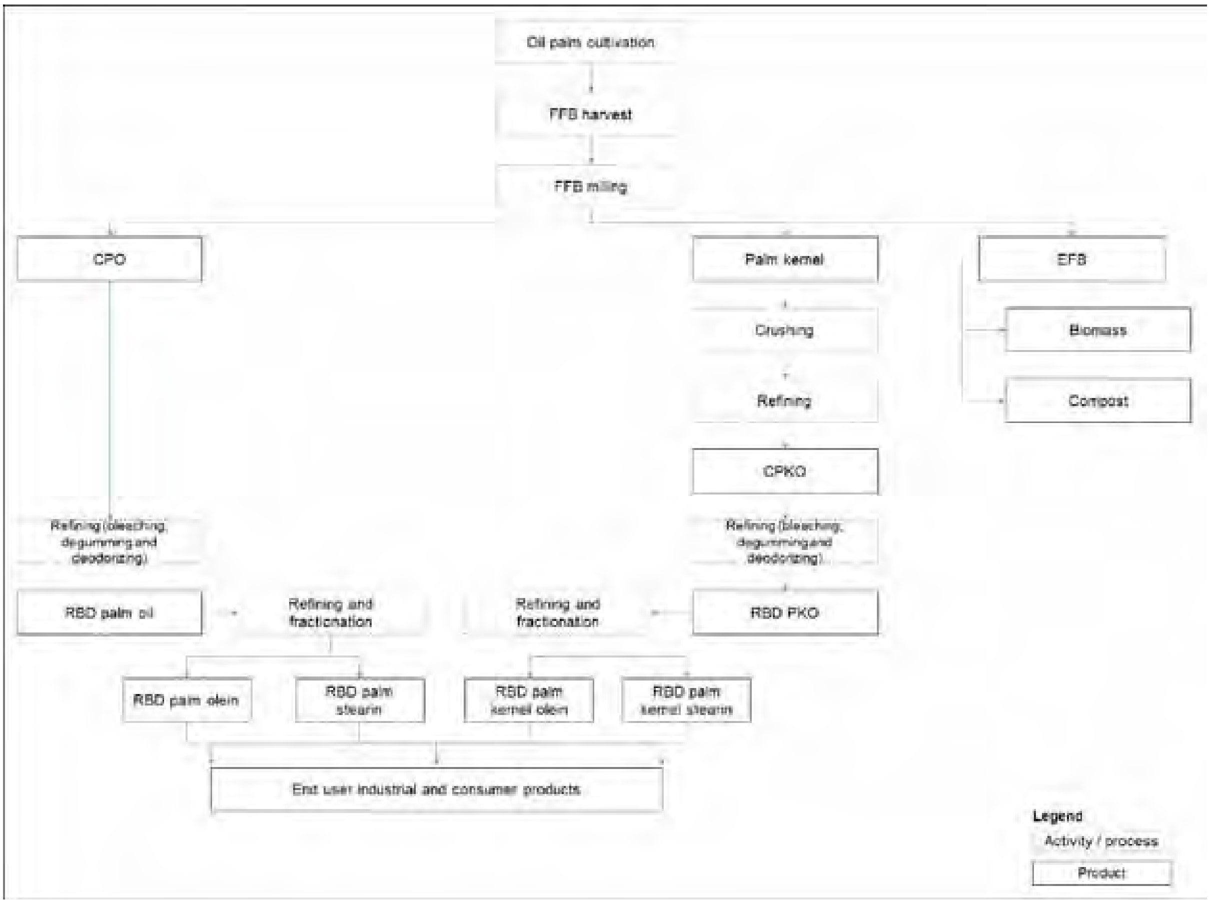
- **Processing/refining of RBD palm oil and PKO into edible oils and fats, oleochemicals and biodiesel**

  Palm oil and PKO products are used in different end-user industry applications due to their differing physical and chemical properties. While palm oil products are largely used in various food applications, PKO products which naturally have high contents of lauric acid are more typically used as intermediary raw materials in the production of oleochemicals. Palm oil is also used as feedstock for biodiesel in fuelling automobiles.

- **Value add processing, packing and marketing of downstream consumer and industrial products**

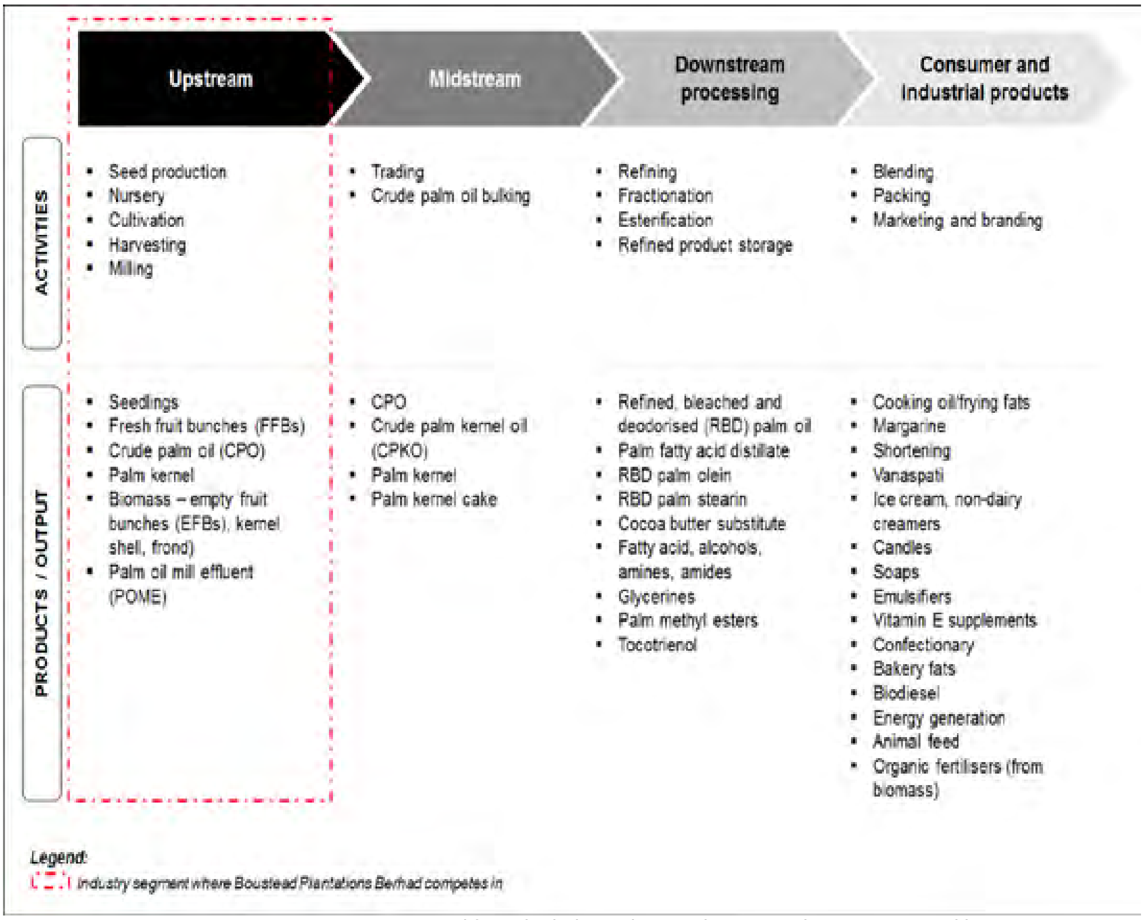
  This segment of the value chain has industry players involved in the value add processing, packing and marketing of palm oil-based consumer and industrial finished products. This segment plays an important role in national economies, as it complements the palm oil processors and refiners in delivering oils and oil-based products to end consumers. It is also critical in terms of generating income via the trade of various finished and intermediary derivatives for multiple food and non-food applications for domestic and export markets, creating employment and providing basic needs to communities at large.

Palm oil industry in Malaysia – industry segmentation



Source: Extracted from the independent market research report prepared by SMITH ZANDER

Palm oil industry in Malaysia – industry value chain



Source: Extracted from the independent market research report prepared by SMITH ZANDER

The upstream palm oil industry in Malaysia is mature owing to its long history of cultivation and processing and growth opportunities are present as replanting is regularly carried out to replace mature crops to ensure the sustainability of supply of palm oil and PKO to the refineries. The downstream segment of the palm oil industry is robust as a result of the constant supply of oilseeds from the plantation sector and strong consumer demand. This strong demand from retail and industrial consumers is expected to secure the sustainability of Malaysia's palm oil industry over the long term.

1.2. Industry Performance, Outlook and Prospects

1.2.1. Supply Analysis

The palm oil industry in Malaysia has performed positively over the years between 2000 and 2013. Total planted area in Malaysia, comprising both mature and immature planted area, grew at a compound annual growth rate (CAGR) of 3.4% between 2000 and 2013. In 2013, total planted area in Malaysia was 5.2 million Ha. Mature oil palm plantations in Malaysia are located both in Peninsular Malaysia and East Malaysia. Mature oil palm plantations grew at a faster pace in East Malaysia (CAGR 5.7%) compared to Peninsular Malaysia (CAGR 1.5%) between the years 2000 and 2013 as a result of the higher availability of arable land for agricultural purposes in the East Malaysia states of Sabah and Sarawak. As at end December 2013, Malaysia had a total of 4.5 million Ha of mature oil palm plantations, of which 2.2 million Ha were located in Peninsular Malaysia.

Palm oil industry in Malaysia – key supply statistics

Year	Mature planted area ('000 Ha)			Immature planted area ('000 Ha)			Total planted area ('000 Ha)
	Peninsular Malaysia	East Malaysia	Total	Peninsular Malaysia	East Malaysia	Total	
2000	1,832	1,109	2,941	213	222	435	3,376
2001	1,841	1,164	3,005	256	238	494	3,499
2002	1,927	1,262	3,189	261	221	482	3,671
2003	1,923	1,380	3,303	279	220	499	3,802
2004	1,964	1,487	3,451	238	187	425	3,876
2005	2,069	1,563	3,632	230	190	420	4,052
2006	2,093	1,611	3,704	242	220	462	4,166
2007	2,099	1,665	3,764	263	278	541	4,305
2008	2,150	1,766	3,916	261	311	572	4,488
2009	2,197	1,879	4,076	293	322	615	4,691
2010	2,224	1,978	4,202	300	351	651	4,853
2011	2,200	2,064	4,264	346	373	719	5,001
2012	2,186	2,167	4,353	372	352	724	5,077
2013	2,234	2,292	4,526	360	344	704	5,230
CAGR	1.5%	5.7%	3.4%	4.1%	3.4%	3.8%	3.4%

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Malaysia's processing levels of FFBs, measured by the volume of FFBs processed by mills in the country, grew at a CAGR of 3.9% between 2000 and 2013. FFB volume increased from 57.5 million MT to 94.9 million MT during the said years. The nation's average annual FFB yield in 2012 was recorded at 19 MT per Ha, whereby annual FFB yield in Peninsular Malaysia was 19.3 MT per Ha and annual FFB yield in East Malaysia was 18.8 MT per Ha.

In line with the growth in mature plantation area leading to higher FFB yield, CPO production in Malaysia grew at a CAGR of 4.5% from 10.8 million MT in 2000 to 19.2 million MT in 2013. CPO production volume is cyclical and correlates closely to the volumes of FFB received by mills as a result of factors such as replanting cycles, weather conditions and market forces, specifically pricing and availability of other vegetable oils. Malaysia is the world's second (2nd) largest producer of CPO after Indonesia, with 19.2 million MT produced in 2013, compared to Indonesia's production of approximately 30 million MT in the same year.

CPKO production in Malaysia also grew positively between the years 2000 and 2013, from 1.4 million MT to 2.3 million MT at a CAGR of 3.9%. With a production volume of 2.3 million MT of CPKO, Malaysia was the world's second largest producer of CPKO after Indonesia in 2013. Similar to CPO, the production of CPKO is also dependent on the volumes of FFB received by mills, which are impacted by factors such as replanting cycles, weather conditions and market forces, specifically pricing and availability of other vegetable oils. The production of palm kernel, which is influenced by the volume of processed FFBs, increased from 3.2 million MT in 2000 to 4.9 million MT in 2013 at a CAGR 3.3%.

Palm oil industry in Malaysia – upstream and midstream statistics

Year	FFBs processed (million MT)	Palm kernel production (million MT)	CPO production (million MT)	CPKO production (million MT)
2000	57.5	3.2	10.8	1.4
2001	61.4	3.4	11.8	1.5
2002	59.8	3.3	11.9	1.5
2003	67.6	3.6	13.4	1.6
2004	69.8	3.7	14.0	1.6
2005	74.2	4.0	15.0	1.8
2006	79.3	4.1	15.9	2.0
2007	78.6	4.1	15.8	1.9
2008	87.8	4.6	17.7	2.1
2009	85.7	4.5	17.6	2.1
2010	83.1	4.3	17.0	2.0
2011	92.9	4.7	18.9	2.2
2012	92.3	4.7	18.8	2.2
2013	94.9	4.9	19.2	2.3
CAGR	3.9%	3.3%	4.5%	3.9%

Year	FFB yield (MT/Ha)				
	Peninsular Malaysia	East Malaysia			Malaysia
		Sabah	Sarawak	Total	
2000	18.4	19.5	12.8	18.1	18.3
2001	19.2	21.0	12.4	19.0	19.1
2002	17.5	20.6	12.7	18.7	18.0
2003	19.0	21.3	12.9	19.0	19.0
2004	18.1	21.4	13.9	19.3	18.6
2005	17.7	23.0	14.7	20.5	18.9
2006	18.7	23.1	15.5	20.7	19.6
2007	17.6	23.0	15.7	20.7	19.0
2008	19.6	23.0	16.2	20.8	20.2
2009	19.4	21.2	15.3	19.0	19.2
2010	17.9	20.2	14.9	18.2	18.0
2011	19.2	22.3	16.8	20.1	19.7
2012	19.1	20.4	16.5	18.7	18.9
2013	19.3	20.9	16.2	18.8	19.0
CAGR	0.4%	0.5%	1.8%	0.3%	0.3%

Year	OER (%)				
	Peninsular Malaysia	East Malaysia			Malaysia
		Sabah	Sarawak	Total	
2000	18.3	20.1	20.5	20.2	18.9
2001	18.5	20.6	21.0	20.7	19.2
2002	18.8	21.7	21.6	21.7	19.9
2003	18.8	21.4	21.3	21.4	19.8

Year	OER (%)				
	Peninsular Malaysia	East Malaysia			Malaysia
		Sabah	Sarawak	Total	
2004	19.2	21.3	21.1	21.3	20.0
2005	19.3	21.3	21.6	21.4	20.2
2006	19.2	21.1	21.5	21.2	20.0
2007	19.3	21.3	21.0	21.2	20.1
2008	19.6	21.1	21.1	21.1	20.2
2009	19.9	21.4	21.2	21.3	20.5
2010	19.9	21.3	20.9	21.2	20.5
2011	20.1	20.7	20.6	20.7	20.4
2012	20.0	21.0	20.4	20.8	20.4
2013	19.9	21.1	20.1	20.7	20.3
CAGR	**0.6%**	**0.4%**	**-0.2%**	**0.2%**	**0.6%**

Year	KER (%)				
	Peninsular Malaysia	East Malaysia			Malaysia
		Sabah	Sarawak	Total	
2000	5.9	4.6	4.8	4.7	5.5
2001	5.8	4.8	4.9	4.8	5.5
2002	5.8	4.9	4.9	4.9	5.5
2003	5.7	4.8	4.7	4.8	5.4
2004	5.7	4.7	4.3	4.6	5.3
2005	5.7	4.9	4.6	4.8	5.3
2006	5.6	4.7	4.5	4.7	5.2
2007	5.5	4.9	4.6	4.8	5.2
2008	5.5	4.8	4.6	4.8	5.2
2009	5.6	4.8	4.5	4.8	5.3
2010	5.5	4.8	4.4	4.7	5.2
2011	5.5	4.7	4.4	4.6	5.1
2012	5.5	4.8	4.4	4.6	5.1
2013	5.5	4.8	4.3	4.6	5.1
CAGR	**-0.5%**	**0.3%**	**-0.8%**	**-0.2%**	**-0.6%**

Source: Extracted from the independent market research report prepared by SMITH ZANDER

In 2012, palm oil mills in Malaysia processed 92.3 million MT of FFB at a declining rate of 0.6% compared to the previous year, due to lower volumes of harvested FFBs in 2012 (2011: 93.8 million MT; 2012: 93.3 million MT). Subsequently, Malaysia's milling capacity utilisation rate declined by 3.0% in 2012 compared to 2011 as a result of lower volumes of processed FFBs in 2012. In 2013, the volume of processed FFBs rose to 94.9 million MT due to bumper crop witnessed in that year.

Palm oil industry in Malaysia – upstream and midstream processing performance

Year	Type of facility	Existing in operations		Existing not in operations		Under planning and construction	
		Units	Capacity (MT per annum)	Units	Capacity (MT per annum)	Units	Capacity (MT per annum)
2012	Mills	432	102,342,400	3	432,000	32	6,360,000
	Palm kernel crushers	46	7,139,200	4	259,500	2	184,000

Year	Milling capacity utilisation rate (%)				
	Peninsular Malaysia	East Malaysia			Malaysia
		Sabah	Sarawak	Total	
2000	88.7	94.7	80.8	92.5	89.9
2001	88.2	98.0	84.1	95.8	90.7
2002	78.0	97.0	81.0	94.0	84.0
2003	87.3	95.1	85.2	93.3	89.5
2004	84.2	94.8	89.5	93.7	87.8
2005	83.3	98.1	94.5	97.4	88.7
2006	90.1	96.7	92.2	95.7	92.3
2007	84.9	95.3	87.0	93.2	88.3
2008	96.0	92.9	97.9	94.1	95.2
2009	93.5	86.7	88.2	87.1	90.8
2010	86.5	81.3	93.6	84.6	85.7
2011	92.7	88.8	109.6	94.5	93.4
2012	91.0	82.11	109.6	90.1	90.6

Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

1.2.2. Demand Analysis

CPO consumption, measured by the volume of CPO processed by refineries into palm oil, increased from 10.3 million MT in 2000 to 16 million in 2013 at a CAGR of 3.4%. The consumption of palm oil which refers to RBD palm oil, RBD palm olein and RBD palm stearin also grew positively over the same duration from 1.5 million MT to 2.5 million MT at a CAGR of 4.0%. The growth in the consumption of CPO is largely impacted by the supply of FFBs to mills, while the demand for end-user consumer products impacts growth in the consumption of RBD palm oil, RBD palm olein and RBD palm stearin.

CPKO consumption, measured by the volume of CPKO refined and fractionated by refineries into PKO, has increased from 1.4 million MT in year 2000 to 2.3 million MT in year 2013 at a CAGR of 3.9%. PKO consumption, measured by the volume of PKO products (RBD PKO, RBD palm kernel olein and RBD palm kernel stearin) consumed by downstream oleochemicals and edible oils and fats refineries, grew at a slightly higher rate of 6.0% between 2000 and 2013 and registered an increase from 0.8 million MT to an estimated 1.7 million MT. At the close of 2012, there were a total of 54 refineries generating demand for locally produced and imported CPO and CPKO.

Palm oil industry in Malaysia – key demand statistics

Year	Consumption (million MT)			
	CPO	Palm oil	CPKO	PKO
2000	10.3	1.5	1.4	0.8
2001	10.8	1.5	1.5	0.8
2002	11.2	1.5	1.6	0.9
2003	12.5	1.6	1.8	1.0
2004	13.0	1.8	1.8	1.0
2005	14.2	2.0	1.9	1.1
2006	14.5	2.2	2.0	1.1
2007	14.4	2.2	2.2	1.2
2008	15.7	2.6	2.2	1.3
2009	15.9	2.4	2.3	1.4
2010	15.9	2.1	2.5	1.4
2011	16.3	1.9	2.2	1.4
2012	14.1	2.1	2.2	1.5
2013	16.0	2.5	2.3	1.7
CAGR	3.4%	4.0%	3.9%	6.0%

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Palm oil industry in Malaysia – downstream processing facilities

Year	Type of facility	Existing in operations		Existing not in operations		Under planning and construction	
		Unit	Capacity (MT per annum)	Unit	Capacity (MT per annum)	Unit	Capacity (MT per annum)
2012	Refineries	54	25,554,700	2	177,000	16	6,861,500
	Oleochemical plants	17	2,598,971	0	0	1	60,000

Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Malaysia's exports of palm oil stood at 18.1 million MT in 2013, with the top three importing countries China (3.7 million MT, 20.4%), India (2.3 million MT, 12.8%) and Netherlands (1.5 million MT, 8.5%) accounting for approximately 41.7% of total export volume. Palm oil export volumes stood at 9.1 million MT in 2000, with top three importers India (2 million MT, 22.4%), Pakistan (1.1 million MT, 12.1%) and China (1 million MT, 11.3%) accounting for 45.8% of total export volume.

Malaysia's exports of PKO increased from 520.3 thousand MT in 2000 to 1.2 million MT in 2013. Top importers in 2013 were China (271.1 thousand MT, 23.2%), United States (218.1 thousand MT, 18.6%) and Netherlands (167.6 thousand MT, 14.3%) which collectively accounted for 56.1% of total

PKO exports. Top importers in 2000 were United States (121.4 thousand MT, 23.3%), Netherlands (49.7 thousand MT, 9.6%) and Japan (47.3 thousand MT, 9.1%), collectively importing 42% of total PKO export volume.

Collectively, Malaysia's exports of crude and refined palm oil products increased from RM14.9 billion (12.4 million MT) in year 2000 to RM61.4 billion (25.7 million MT) in year 2013.

Palm oil industry in Malaysia – key external trade statistics

Year 2000			Year 2013		
Export partner	Export volume ('000 MT)	Percentage of export volume (%)	Export partner	Export volume ('000 MT)	Percentage of export volume (%)
Palm oil					
India	2,035.0	22.4	China	3,699.6	20.4
Pakistan	1,102.0	12.1	India	2,325.4	12.8
China	1,022.0	11.3	Netherlands	1,539.1	8.5
Others	4,923.0	54.2	Others	10,582.7	58.3
Total palm oil	**9,082.0**	**100.0**	**Total palm oil**	**18,146.8**	**100.0**
PKO					
United States	121.4	23.3	China	271.1	23.2
Netherlands	49.7	9.6	United States	218.1	18.6
Japan	47.3	9.1	Netherlands	167.6	14.3
Others	301.9	58.0	Others	514.0	43.9
Total PKO	**520.3**	**100.0**	**Total PKO**	**1,170.8**	**100.0**

Source: Extracted from the independent market research report prepared by SMITH ZANDER

1.2.3. Price Trend Analysis

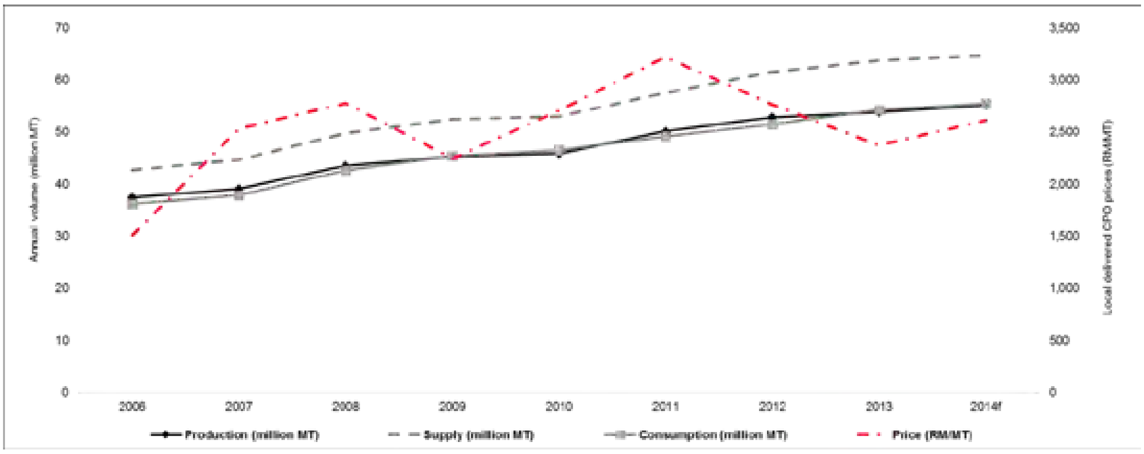
Local delivered CPO prices in Malaysia have historically moved in tandem with global CPO prices. In December 2006, global CPO prices were recorded at USD583 per MT, rising to USD950 per MT in December 2007 before dropping to USD503 per MT in December 2008. Global CPO prices recovered gradually to USD792 per MT in December 2009 before rising to USD1,228 per MT in December 2010 and settling at USD1,027 per MT in December 2011. In December 2012, global CPO prices were recorded at USD776 per MT.

Likewise, local delivered CPO prices in Malaysia increased from RM1,955 per MT (USD554 per MT) in December 2006 to RM3,095 per MT (USD936 per MT) in December 2007 before dropping to RM1,608 per MT (USD464 per MT) in December 2008. In December 2009, local delivered CPO prices were recorded at RM2,518 per MT (USD735 per MT) and it increased to RM3,745 per MT (USD1,215 per MT) in December 2010 before subsequently settling at RM3,141 per MT (USD989 per MT) in December 2011. Local delivered CPO prices were recorded at RM2,141 per MT (USD700 per MT) in December 2012.

Between January 2013 and October 2013, the local delivered CPO price has traded between approximately RM2,200 per MT and approximately RM2,400 per MT. However, as a result of a slowdown in CPO production in Malaysia during the year-end monsoon season, the local delivered CPO prices began rising during the latter half of October 2013, resulting in the average local delivered price in December 2013 to increase to approximately RM2,575 per MT.

Based on a regression analysis on the supply and demand of CPO which was adjusted relative to prices in 2012 and 2013, the average local delivered price is forecast to be in the range of RM2,600 to RM2,700 per MT in 2014.

CPO – forecast average local delivered prices in Malaysia



Source: Extracted from the independent market research report prepared by SMITH ZANDER

1.3. Key Demand Drivers and Dependencies

1.3.1. Demand Drivers

- **Growing demand for food**

  The demand for palm oil is directly driven by the growing demand for food as a result of the overall global population and economic growth.

  - **Population growth**

    World population in 2013 was approximately 7.2 billion, having grown by 35.9% from 5.3 billion in 1990. Higher population growth rates were especially witnessed in developing countries, pressuring the agricultural industry to produce sufficient food and fibres to feed and clothe an increasing world population, as well as to increase the daily food intake of the existing undernourished population in underdeveloped countries. The agricultural industry has seen a general uptrend in all major crop production within the last decade. The demand for food will increase significantly over the long term despite the slower population growth rate.

  - **Economic growth**

    The global economy has continually witnessed positive growth trends in recent decades, with the exception of the periods of economic slowdown in 1997/98 and 2008/09. In line with global economic growth, there continues to be strong demand and higher prices for energy, primary commodities and food. The growth in per capita income worldwide has led to a shift in dietary intake, which has moved away from staple product such as cereals, roots and tubers and pulses towards livestock, vegetable oils, fruits and vegetables.

    In 2011, the average world urbanisation rate, which is used here as an indicator for wealth, was approximately 52.1%. The urbanisation rate for the more developed regions, less developed regions and least developed countries are 77.7%, 46.5% and 28.5% respectively. Moving forward, higher urbanisation rates can be expected in the least developed countries by an estimated increase of 21.3 percentage points between 2011 and 2050. In comparison, the estimated increase for most developed and less developed regions are 8.2 percentage points and 17.6 percentage points, respectively. The forecast average world urbanisation rate in 2050 is 67.2%, an increase of approximately 15.1 percentage points from 2011.

- **Wide range of applications of palm oil and its derivatives**

  The versatility and fat content in palm oil which extends shelf life, shortens cooking time, and contributes to texture as well as flavor makes it a popular base ingredient that is utilised in a wide range of food and non-food applications. Palm oil can be used for a multitude of food applications, including the production of cooking oil, margarine, bakery shortening, and confectionery fats, as well as non-food applications such soaps, detergents, toiletries and cosmetics.

  The application of palm oil in the production of polyols has also recently been discovered. Polyols is used to make polyurethane, a plastic material with multiple applications in various industries such as building and construction, automotive, furniture and electrical and electronics. Additionally, palm oil is also used as a feedstock in the generation of renewable energy such as of biofuels (biodiesel) and biomass, which are increasingly gaining popularity as they are renewable and widely available, with environmentally friendly processing techniques which do not emit large amounts of greenhouse gases.

- **Strong government support to strengthen the palm oil industry**

  As the second largest producer of CPO and CPKO globally, Malaysia's palm oil industry has great economic potential and reach globally, contributing to fulfilling the growing global demand for palm oil and its derivatives as well as employing a large number of workers in plantations locally. Malaysia's competitiveness in the palm oil industry is evident as the country has a long history of experience and strong market leadership in terms of productivity and research and development.

  The Government of Malaysia, via the Economic Transformation Programme (ETP) aims to increase the GNI contribution of the palm oil industry from RM52.7 billion in 2009 to RM178 billion by 2020. This will be made possible through a series of concentrated efforts spanning across the palm oil industry value chain which are aimed at capturing the growing demand for palm oil. Efforts to improve upstream productivity include accelerating the replanting of oil palm, improving FFB yield and worker productivity, increasing oil extraction rate and developing biogas at palm oil mills. Downstream expansion of the palm oil industry will focus on developing oleo derivatives, commercialising second generation biofuels and expediting growth in food and health-based downstream segments.

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- **Increasing demand from China and India as the two largest consumer markets**

China is also the largest importer of edible oils and fats, including soybean oil, palm oil and rapeseed oil, and these imports have increased from 9.5 million MT in 2008 to an estimated 10.4 million MT in 2012 at a CAGR of 2.3%. India's imports have grown steadily over the same period, increasing from 6.9 million MT in 2008 to an estimated 10.4 million MT in 2012 at a CAGR of 11.2%. India's jump in imports over recent years can be attributed to rising income levels and various Government schemes that encourage demand, such as the Public Distribution System which provides edible oils, including imported oils, at a subsidised price. In 2012, China and India's total imports of edible oils and fats accounted for 14.5% of global imports.

The increasing demand from China and India, in terms of both volume and growth rates, are key factors driving the growth of the global edible oils and fats markets.

China - consumption and imports of edible oils and fats

Year	Consumption		Imports	
	Volume (million MT)	Global market share (%)	Volume (million MT)	Global market share (%)
2008	29.3	18.3	9.5	15.4
2012	34.3	18.5	10.4	14.5
CAGR	**4.0%**		**2.3%**	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

India - consumption and imports of edible oils and fats

Year	Consumption		Imports	
	Volume ('000 MT)	Global market share (%)	Volume ('000 MT)	Global market share (%)
2008	15.3	9.6	6.9	11.2
2012	18.9	10.2	10.4	14.5
CAGR	**5.4%**		**11.2%**	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

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- **Emergence of Africa and Middle East as a key consuming region**

Between the years 2000 and 2012, the regions of Africa and Middle East have emerged as key consuming regions of vegetable oils. While Africa's consumption of vegetable oils grew at a CAGR of 3.5% during this period, imports grew at a higher rate of 5.5%. Key vegetable oils consumed in Africa are palm oil and PKO. Meanwhile, consumption of vegetable oils in the Middle East countries grew at a constant 0.5% during this period compared to the higher 6% growth in imports. Key vegetable oils consumed in Middle East countries are sunflower oil and palm oil.

The popularity of palm oil in the region of Africa stems from the region's familiarity with oil palm crops, which are cultivated in countries such as Nigeria, Cote d'Ivoire (Ivory Coast), Cameroon and Ghana. Palm oil is also the most cost effective vegetable oil, thereby proving its affordability for the larger segment of middle and lower income population in this region.

Africa region - consumption and imports of vegetable oils

Year	Consumption		Imports	
	Volume ('000 MT)	Global market share (%)	Volume ('000 MT)	Global market share (%)
2000	8,002	8.7	3,885	10.0
2012	12,117	8.8	7,352	10.4
CAGR	3.5%		5.5%	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Middle East region – consumption and imports of vegetable oils

Year	Consumption		Imports	
	Volume ('000 MT)	Global market share (%)	Volume ('000 MT)	Global market share (%)
2000	8,002	8.7	2,142	5.5
2012	8,510	4.6	4,327	6.1
CAGR	0.5%		6.0%	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

- **Increase in use of biodiesel**

Depleting crude oil reserves have spurred the use of biodiesel as a source of energy in various parts of the world. As biodiesel is derived from edible oils and fats, it possesses several benefits over fossil fuel such that it is renewable, less harmful to the environment and biodegradable. Thus, many Governments have legislated the use of biodiesel in vehicles, usually in a blend with diesel, to reduce dependence on crude oil as well as to reduce carbon emissions. The United States, member countries of the European Union, Australia, Brazil, as well as countries in Asia including Malaysia, Indonesia, Philippines and Thailand have introduced legislations regarding biodiesel. These legislations mandate a minimum percentage of biodiesel to replace diesel or petroleum for use in automobiles. In Malaysia, the Government targets to implement the B5 biodiesel programme nationwide by July 2014 where the B5 biodiesel is a blend of 5% palm oil or palm methyl ester with diesel fuel.

Biodiesel reduces the release of harmful emissions such as unburned hydrocarbons, carbon monoxide and particulate matter into the air, and contains almost no amount of sulphur or aromatics. Furthermore, biodiesel yields a positive energy balance ratio of 4.5 to 1, in which for every unit of energy required in its production, 4.5 units of biodiesel energy points are gained. This is due to the fact that plants are efficient carriers of solar energy.

1.3.2. Demand Restraints

- **Fluctuations in edible oil prices which may affect demand**

  As with any other commodity, market prices of CPO and PKO have been seen to fluctuate during periods of economic growth and contractions. However, market prices of CPO and PKO have been also been seen to be closely tied to the market price of crude oil, due to their use as feedstock in the production of biodiesel and hence, serving as a substitute for crude oil. This has been evident since 2007, whereby market prices of palm oil have largely been in tandem with that of crude oil, rather than being influenced by supply and demand dynamics, because of its use in biodiesel. Biodiesel accounted for 11.7% of consumption of edible oil and fats in 2010. Other factors that have significant impact on the price movement of CPO and PKO include supply and demand forces, demand from food and oleochemicals industries, weather, price and performance of other competing edible oils. If both supply and demand are strong but market prices remain high, consumption levels are likely to be affected, thereby restraining the growth of the industry.

- **Lack of manpower**

  With the recently rapid expansion of palm oil production, plantation owners are facing manpower shortages. There is a reliance on foreign labour in the oil palm industry, especially labour from neighbouring countries such as Indonesia, Vietnam and Cambodia, as locals are typically reluctant to work in this industry. As the harvesting of FFB is labour intensive, the lack of participation from the locals has caused the Government to employ foreign labour. At the same time, the cost of labour has been increasing, resulting in higher production cost. According to the Minister of Plantation, Industries and Commodities, 50% of the total workforce in the plantation sector in 2012 was made up of foreign labour. The employment of foreign labour in the plantation sector grew by 58.8% between 2000 and 2008, and has been increasing since then.

1.4. Key Supply Conditions and Dependencies

The palm oil industry is influenced by various factors such as weather conditions, stock count from previous year(s), soil fertility, availability of land for cultivation and planted area, crop productivity and yield, pest attack and crop diseases and availability of labour, equipment and infrastructure, in addition to market prices and prevailing global economic conditions.

- **Weather conditions**

  The various vegetable oils thrive under differing weather conditions. For instance, oil palm crops thrive in tropical parts of the world, whereby temperature, sunlight and availability of moisture determine the crop's growth, yield and quality of output. Ideal conditions for oil palm crops include the following:

  - **Temperature**: 25°C-33°C throughout the year
  - **Humidity**: ~ 80%-85%
  - **Rainfall**: ~ 2,000 millimetres of evenly distributed annual rainfall in the particular geography
  - **Sunlight**: ~ 5-7 hours per day throughout the year
  - **Soil**: pH level < 7.5
  - **Prime cultivation area**: within 10°-20° off the equator

  Historically, poor weather conditions have led to low production of CPO and CPKO. These include the period of the El Nino and La Nina phenomena that lasted from mid-2009 till April

2011, leading to a slowdown in oil palm harvesting, subsequently affecting Indonesia's and Malaysia's CPO and CPKO output in 2012.

- **Availability of land for cultivation and planted area**

  The palm oil industry is dependent on the plantation of oil palm crops for the constant supply of crude oils. With the absence of plantations, seeds cannot be harvested and this would, in turn, affect the supply of edible oils and fats for consumption in various end user industries including food, energy and oleochemicals.

  This can be seen at a country specific level whereby the expansion in planted area influences growth in production of CPO and CPKO. Based on latest available data, the thriving mature planted area in Indonesia which grew at a CAGR of 10% from 2000 to 2012, resulted in a healthy CAGR of CPO and CPKO production of 11.5% and 12.2% respectively over the same period. In the case of Malaysia, mature oil palm planted area in East Malaysia grew significantly between 2000 and 2013 at a CAGR of 5.7%, while Peninsular Malaysia witnessed a lower growth rate of 1.5%, resulting in a nationwide CAGR of 3.4% during the same period. As a result, CPO and CPKO production also increased over the same period at a CAGR of 4.5% and 3.9% respectively.

- **Availability of labour, equipment and infrastructure**

  A major issue which can potentially affect the supply of vegetable oils such as palm oil is the shortage of skilled harvesters to harvest ripe FFBs. The issue of shortage of the labour force is common in the agricultural sector in Malaysia and there is currently a reliance on foreign labour, whereby according to the Minister of Plantation, Industries and Commodities, approximately 50% of the total workforce in the plantation sector in 2012 was made up of foreign labour. As such, the lack of skilled labour could potentially affect the output of FFBs, and consequently, the production of CPO and CPKO.

  CPO and CPKO processing is a highly automated process. Equipment utilised in mills to produce CPO and CPKO include, amongst others, cooker, screw press, digester and clarifying centrifuge. Edible oils and oleochemical refineries meanwhile employ sophisticated machinery such as boilers and fractionation tanks. In addition, bulkers are required to handle the logistics and transportation of palm oil and PKO products. As such, the availability of such equipment and infrastructure are viewed as key supply dependencies.

- **Factors affecting crop productivity and yield**

  Productivity levels may be influenced by various factors such as weather conditions, pest attacks and crop diseases, skilled labour availability, efficient management of plantations by sourcing and utilising quality planting materials, ensuring sufficient land area for oil palm crops, maintaining plantations by weeding, pruning, soil fertilisation and harvesting during optimum seasons as well as utilising efficient production techniques in the process of oil extraction.

  Increase in FFB yields and higher oil extraction rates lead to higher volumes of CPO and CPKO produced. Therefore, productivity levels and yield play a significant role in determining the supply of palm oil.

  The annual yield of mature crops do not remain constant and varies annually arising from external factors such as soil fertility and climate as well as biological factors such as frond production, floral abortion, sex ratio, bunch survival after flowering and average bunch weight[1] which, when affected, can possibly lead to tree stress, thus adversely impacting FFB yield. Tree

[1] *Source: Oil Palm Cultivation and Management, P.D. Turner and R.A. Gillbanks, The Oil Palm in Malaya, Ministry of Agriculture and Co-operatives Malaysia, The Oil Palm Fourth Edition, R.H.V. Corley and P.B. Tinker*

stress is a biological production pattern where crops experience lower yield performance after a period of high yields. Crops that are in the latter stages of maturity are more likely to face prolonged biological stress after a period of bumper harvest. Industry players strive to mitigate the impact of tree stress through among others, staggered replanting schemes, the use of higher-yielding seedlings and the application of more fertiliser. The palm oil industry in Malaysia has experienced periods of bumper yields and low yields between 1990 and 2013, where periods of depressed yields may, in part, be attributed to tree stress.

- **Pest attack and crop diseases**

  One of the major challenges in the cultivation of oil palm crops includes managing pest attacks and crop diseases as oil palm crops are susceptible to a variety of pests as well as diseases. Among the pests that attack oil palm crops include rats, squirrels and beetles. These crops are also susceptible to fungal diseases. The oil plant crop can be affected by diseases such as 'ganoderma basal stem rot', 'fusarium' and 'fatal yellowing' as well as bacteria-related diseases like the 'endophytic bacteria'. These pests and diseases can affect yield, and in some cases, these attacks could terminate a wide spread of oil palm crops. In the event of pest attacks or diseases, the supply of oilseeds would be adversely affected, leading to low production of edible oils and fats.

- **Stock count from previous year(s)**

  In many instances, the amount of CPO and CPKO to be produced in a year is determined by the remaining stock count from previous year(s). When consumption patterns remain stable, oil surpluses will typically lead to decreased output, and a deficit in stock count from the previous year will lead harvesters to increase acreage and yield to meet consumers' demand levels. A surplus or deficit in end-of-year stock levels can also exert upward or downward pressure on market prices, following which industry players will react by decreasing or increasing output in order to stabilise prices.

1.5. Product Substitution

The versatility of palm oil and PKO in a variety of food and non-food applications is hard to be matched by other vegetable oils. Within the food segment, palm oil and PKO are most commonly used in the manufacturing of cooking oil, margarine, shortening, vanaspati, ice cream, cocoa butter substitutes and confectionary fats. Other vegetable oils such as coconut oil and rapeseed oil are possible substitutes for palm oil and PKO in these applications. While there are substitutes for palm oil and PKO, SMITH ZANDER notes that these two oils remain as the preferred choice owing to their availability in large volumes compared to other vegetable oils such as soybean oil, rapeseed oil and sunflower oil.

From a price perspective, CPO has also emerged as the most cost competitive and lowest-priced among the vegetable-based edible oils, such as crude soybean oil, rapeseed oil, sunflower oil and crude coconut oil. In 2013, the average annual price of CPO was recorded at USD857 per MT, the lowest when compared to crude soybean oil at USD1,057 per MT, rapeseed oil at USD1,082 per MT, sunflower oil at USD1,124 per MT and crude coconut oil at USD940 per MT. Throughout the years 2000 to 2013, CPO has consistently emerged as the most cost competitive vegetable oil. The lower CPO price and its wide availability has rendered it a preferred alternative when compared to the other vegetable-based edible oils.

1.6. Relevant Policies, Laws and Regulations

Malaysian Palm Oil Board Act 1998

The Malaysian Palm Oil Board Act 1998 was enacted to repeal the Palm Oil Registration and Licensing Authority (Incorporation) Act 1976 and the Palm Oil Research and Development Act 1979 as well as to dissolve the Palm Oil Registration and Licensing Authority, the Palm Oil Research and Development Board and the Palm Oil Research Institute of Malaysia with the establishment of Malaysian Palm Oil Board (MPOB). Under this Act, among the functions of MPOB includes conducting and promoting research and development activities relating to oil palm activities; regulating, registering, coordinating and promoting all palm oil related activities from cultivation to milling, to storage, testing and distribution as well as developing and maintaining markets for oil palm products.

Malaysian Palm Oil Board (Licensing) Regulations 2005

The production and distribution of oil palm products without a license from MPOB are prohibited under the Malaysian Palm Oil Board (Licensing) Regulations 2005. A license is required for the production of oil palm planting material, selling or transporting oil palm planting material, FFBs, palm oil, palm kernel, palm fatty acids and palm oleochemicals, purchasing of FFBs, palm oil and palm kernel, commencing of construction of palm oil mill and milling.

Malaysian Palm Oil Board (Quality) Regulations 2005

This Act provides MPOB with the right to determine the quality of all activities pertaining to the oil palm industry including the production and management of planting materials, agronomical practices in oil palm plantation estates, grading of FFBs, milling of CPO and CPKO, refining and fractionation of palm oil and PKO products, surveying, inspecting, testing, examining and analysing of oil palm products as well as the storing, transferring, handling and transporting of oil palm products. Failure to comply with the specifications set out by MPOB would cause an industry player to be liable for a fine not exceeding RM200,000 or imprisonment for a term not exceeding two years or both.

Environmental Quality Act 1974

Malaysia's Department of Environment (DOE) is responsible for the implementation and monitoring of Malaysia's environmental regulations and policies. The Environmental Quality Act 1974 prohibits industrial activities which cause air, sound, soil, and water pollution without obtaining a valid license. Therefore, the burning of waste or rubbish or any open burning is prohibited without obtaining the necessary licenses or permits. Under this Regulation, effluent shall not be diluted, whether raw or treated, at any time or point after it is treated, without first obtaining a written authorisation which approves treatment of effluent according to terms and conditions of the authorisation.

Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982

The Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982 came into force on 1 July 1982. The amendment that took place with the enactment of this Regulation was pertaining to the conditions limiting the parameters of effluent to be discharged from the prescribed premises. Under this Regulation, the amount of Biochemical Oxygen Demand (BOD), which is the quantity of oxygen utilised in the biochemical oxidisation of materials present in effluent during a specified period, is limited to 100 milligrams per litre (mg/l), while the amount of suspended solids present in the effluent must exceed 400 mg/l. The amount of oils and grease and ammoniacal-nitrogen present in effluent is limited to 50 mg/l and 150 mg/l respectively, and the total nitrogen present must not be higher than 200 mg/l. Additionally, pH levels of effluent must be between 5 – 6 and its temperature must not be higher than 45°C at all times.

Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 is an Act introduced with the objective of maintaining the coordination, orderly development and growth of Malaysia's manufacturing sector. As the oil palm industry is part of the manufacturing sector, thus a license is required for the manufacturing of palm oil products. The Act requires manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time employees in Malaysia to apply for a manufacturing license for approval by MITI.

Applications for the manufacturing license are to be submitted to the Malaysian Industrial Development Authority (MIDA), in which it will subsequently be approved and issued by MITI. The licenses are non-transferable without prior approval obtained from Ministry of Trade and Industry.

Occupational Safety and Health Act 1994

The manufacturing industry, which includes the oil palm milling industry, is also regulated by the Occupational Safety and Health Act 1994. As part of the manufacturing industry, all palm oil manufacturers possess a general duty of care to their employees, to provide and maintain production facilities and systems that are practicable, safe and without risks or hazard to employees' health and safety. It is also the obligation of the employer to provide employees with the training, knowledge, information and supervision, in providing a safe working environment without risks to their health, safety and welfare. The Department of Occupational Safety and Health (DOSH) is authorised to ensure that companies take proper steps to ensure a safe working environment for their employees.

DOSH also stipulates that for most manufacturing industries, including the oil palm industry, companies that employ more than 500 employees are required to appoint a safety and health officer, who will be responsible for ensuring due observance of the statutory obligations with regards to workplace health and safety as well as the promotion of a safe and healthy working environment. A health and safety committee should also be formed to monitor the implementation of the safety measures during work, to promote and also plan measures to ensure employees' safety and health.

Factories and Machinery Act 1967

DOSH also requires compliance with the Factories and Machinery Act 1967 by all manufacturers in Malaysia. The Factory and Machinery Act 1967 provides for the regulation of factories with respect to matters relating to the safety, health and welfare of employees, and also the registration and inspection of machinery and manufacturing facilities identified for the purpose of palm oil processing. Under this Act, all machinery manufactured locally or imported for manufacturing purposes require a valid certificate of fitness before they can be operational. This approval needs to be obtained from DOSH.

Employment Act 1955

Oil palm plantation cultivation is a labour intensive activity. The Employment Act 1955 stipulates the rights and welfare benefits that employees are entitled to, and which all employers are required to comply. This Act also states that an employer is required to obtain a license to import legal foreign workers under the contract of services, and ensure their welfare and rights are fulfilled in terms of wages, working hours, rest days, and sick and annual leaves. The Ministry of Human Resource is responsible for monitoring and ensuring that companies are in compliance with this Act and protecting the welfare of employees.

1.7. Reliance and Vulnerability to Imports

Malaysia's large supply of oilseeds has ranked the nation among the largest CPO and CPKO producers globally. Prior to 2006, Malaysia was the world's largest CPO producer before Indonesia emerged as the leading CPO producer between 2007 and 2013. Similarly, Malaysia was also the world's largest CPKO producer historically before being eclipsed by Indonesia in 2009. Therefore, Malaysia is not dependent on imports, with local production of CPO and CPKO largely being sufficient to meet local demand. In 2013, the imports of CPO constituted 3.5% of total CPO input used domestically while the imports of CPKO constituted 8.4% of total CPKO consumption, thereby demonstrating Malaysia's low levels of dependency on imports. Imports of palm oil, palm kernel oil and palm kernel supplement domestic production levels in meeting demand from the downstream edible oils and oleochemical industries.

1.8. Competitive Landscape

The palm oil industry in Malaysia is a vibrant and thriving industry owing to Malaysia's strategic geographical location along the tropical belt of the equator line. In 2013, total oil palm planted area in the country accounted for 5.2 million Ha whereby mature planted areas comprised 4.5 million Ha. In the same year, industry players processed 94.9 million MT of FFBs to produce 19.2 million MT of CPO and 2.3 million MT of PKO. The palm oil industry in Malaysia is highly regulated and dominated by large vertically integrated public listed companies that have typically interests in the three (3) major activities within the industry, namely plantation, milling and refining operations.

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Palm oil industry in Malaysia – profiles of key industry players

Industry player [a]	Latest available FYE	Crop area (Ha)				FFB yield (MT/Ha)	FFBs processed (MT)	CPO production volume (MT)	PK production volume (MT)	OER (%)	KER (%)	Revenue (RM '000)	PAT (RM '000)
		Mature [j]	Immature [j]	Total planted	Unplanted landbank								
Boustead Plantations Berhad	31 December 2013	65,734	5,257	70,991	353	16.50	1,141,824	238,371[n]	52,927	20.88	4.60	684,996[o]	159,670[p]
Felda Global Venture Holdings Berhad [b, c, d, k, l]	31 December 2012	267,671	25,917	323,588	19,934	19.16	16,016,577	3,285,000	850,000	20.51	5.31	12,886,499	905,058
Genting Plantations Berhad [d, e, k, l]	31 December 2012	57,033	2,590	59,623	913	23.00	1,347,886	279,956	69,955	20.77	5.19	1,233,417	321,873
Hap Seng Plantations Holdings Berhad [f]	31 December 2012	30,455	5,096	35,551	1,301	21.86	726,239	154,595	34,587	21.29	4.76	526,499	140,335
IJM Plantations Berhad [l]	31 March 2013	24,041	1,331	25,372	Not available	25.09	809,327	167,882	38,452	20.70	4.80	486,277	118,448
IOI Corporation Berhad [d, k, l]	30 June 2013	142,075	18,551	160,626	Not available	21.22	3, 397,447	708,028	179,115	20.84	5.27	12,198,500	1,994,600
Kuala Lumpur Kepong Berhad [g, k, l, m]	30 September 2013	160,163	33,072	193,235	17,846	22.51	4,407,372	911,445	181,997	21.46	4.6	9,147,325	966,970
KULIM (Malaysia) Berhad [k, l]	31 December 2012	35,170	10,422	45,592	3,263	18.89	1,021,691	207,265	58,773	20.68	5.75	906,819	866,947
Kwantas Corporation Berhad [h, k, l]	30 June 2013	15,739	1,137	16,876	30,307	21.0	507,840	103,312	25,036	20.40	5.00	1,871,019	44,154
Rimbunan Sawit Berhad [d]	31 December 2012	35,128	Not available	Not available	Not available	Not available	307,320	63,646	14,484	20.71	4.71	313,867	19,267
Sarawak Oil Palms Berhad [i]	31 December 2012	45,107	18,154	63,261	9,392	14.03	1,685,531	347,548	73,871	20.67	4.39	1,314,943	163,602
Sarawak Plantation Berhad [l, k]	31 December 2012	26,637	3,461	30,098	11,059	12.27	637,093	133,905	28,964	21.02	4.55	430,172	44,877

SMITH ZANDER

Industry player [a]	Latest available FYE	Crop area (Ha)				FFB yield (MT/Ha)	FFBs processed (MT)	CPO production volume (MT)	PK production volume (MT)	OER (%)	KER (%)	Revenue (RM '000)	PAT (RM '000)
		Mature [j]	Immature [j]	Total planted	Unplanted landbank								
Sime Darby Berhad [k, l]	31 June 2013	274,855	37,940	312,795	349,456	22.45	6,632,382	1,413,057	336,617	21.31	5.08	46,812,300	3,831,600
TH Plantations Berhad [i, k, l]	31 December 2012	32,579	21,226	53,805	28,299	21.51	489,789	98,975	27,151	20.21	5.54	375,846	167,536
Unico-Desa Plantations Berhad [k]	31 March 2013	9,121	3,579	12,700	960	17.83	301,379	61,282	14,378	20.33	4.77	194,197	25,469
United Plantations Berhad [d, k, l]	31 December 2012	28,680	7,133	35,813	Not available	25.05	1,331,442	161,407	40,331	21.86	5.46	1,183,389	342,551

Notes:

[a] *Includes selected major public listed industry players with total planted area of 10,000 Ha and above*

[b] *OER and KER as reported by the respective industry players, with the exception of KER for Felda Global Ventures Holdings Berhad which was computed based on PK production and FFBs processed*

[c] *Details on planted area was extracted from the IPO Prospectus which was released in May 2012*

[d] *FFBs processed is calculated based on CPO production volume and oil extraction rate*

[e] *Palm kernel production volume is calculated based on FFBs processed and oil extraction rate*

[f] *CPO and palm kernel production volumes refer to processed CPO and palm kernel volumes*

[g] *CPO production volume is calculated based on FFBs processed and oil extraction rate*

[h] *FFB yield is calculated based on FFB produced and total planted area*

[i] *Also includes unplanted landbank for other crops, reserves and building sites*

[j] *Definitions of mature and immature area differ for the respective industry players and may not be publicly indicated for all industry players. Mature areas generally refer to crops being above 3 to 4 years.*

[k] *Includes revenue derived from businesses other than the upstream palm oil business segment*

[l] *Includes revenue derived from geographies other than Malaysia*

[m] *PK production and KER for FYE 30 September 2012 as information for FYE 30 September 2013 is not publicly available at the time of the publication of this report*

[n] *For the FYE 31 December 2012, Boustead Plantations Berhad recorded a CPO production of 250,430 MT*

[o] *For the FYE 31 December 2012, Boustead Plantations Berhad garnered a proforma revenue of RM836,745*

[p] *For the FYE 31 December 2012, Boustead Plantations Berhad recorded a proforma PAT of RM155,457*

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Boustead Plantations Berhad competes against all oil palm plantation players that produce CPO and PK. However, the competitors most comparable to Boustead Plantations Berhad are those in the upstream palm oil industry value chain that do not have interests in refinery operations, and this includes industry players such as, among others, Genting Plantations Berhad, Hap Seng Plantations Berhad, IJM Plantations Berhad, Rimbunan Sawit Berhad, Sarawak Plantation Berhad, TH Plantations Berhad and Unico-Desa Plantations Berhad. Players in the upstream segment of the palm oil industry are principally involved in the cultivation of oil palm plantations and milling operations, i.e. harvesting and processing of FFBs into CPO and PK.

Boustead Plantations Berhad's positioning within the palm oil industry in Malaysia compared to other public listed key industry players, including vertically integrated players that have interests in plantation, milling and refining operations, as well as compared to its most comparable upstream competitors, can be ranked based on total planted area, CPO production volume, revenue and PAT.

Boustead Plantations Berhad's positioning compared to other public listed key industry players, including vertically integrated players

Total Planted Area

Rank	Industry Player	Total Planted Area (Ha)
1	Felda Global Ventures Holdings Berhad	323,588
2	Sime Darby Berhad	312,795
3	Kuala Lumpur Kepong Berhad	192,424
4	IOI Corporation Berhad	157,752
5	**Boustead Plantations Berhad**	**70,991**
6	Sarawak Oil Palms Berhad	63,261
7	Genting Plantations Berhad	59,623
8	TH Plantations Berhad	53,805
9	KULIM (Malaysia) Berhad	45,592
10	United Plantations Berhad	35,813

CPO Production Volume

Rank	Industry Player	CPO production volume (MT)
1	Felda Global Ventures Holdings Berhad	3,285,000
2	Sime Darby Berhad	1,413,057
3	Kuala Lumpur Kepong Berhad	911,445
4	IOI Corporation Berhad	708,028
5	Sarawak Oil Palms Berhad	347,548
6	Genting Plantations Berhad	279,956
7	**Boustead Plantations Berhad [a]**	**250,430**
8	KULIM (Malaysia) Berhad	207,265
9	IJM Plantations Berhad	167,882
10	United Plantations Berhad	161,407

Note:
a CPO production is for the FYE 2012 in order to be consistent with the latest available FYE of most other industry players

Revenue

Rank	Industry Player	Revenue [a] (RM '000)
1	Sime Darby Berhad	46,812,300
2	Felda Global Ventures Holdings Berhad	12,886,499
3	IOI Corporation Berhad	12,198,500
4	Kuala Lumpur Kepong Berhad	9,147,325
5	Kwantas Corporation Berhad	1,871,019
6	Sarawak Oil Palms Berhad	1,314,943
7	Genting Plantations Berhad	1,233,417
8	United Plantations Berhad	1,183,389
9	KULIM (Malaysia) Berhad	906,819
10	**Boustead Plantations Berhad [b, c]**	**836,745**

Notes:
a May include revenue derived from businesses other than the upstream palm oil business segment and from geographies other than Malaysia
b Proforma revenue derived solely from the upstream palm oil business segment in Malaysia
c Proforma revenue is for the FYE 2012 in order to be consistent with the latest available FYE of most other industry players

PAT

Rank	Industry Player	PAT [a] (RM '000)
1	Sime Darby Berhad	3,831,600
2	IOI Corporation Berhad	1,994,600
3	Kuala Lumpur Kepong Berhad	966,970
4	Felda Global Ventures Holdings Berhad	905,058
5	KULIM (Malaysia) Berhad	866,947
6	United Plantations Berhad	342,551
7	Genting Plantations Berhad	321,873
8	TH Plantations Berhad	167,536
9	Sarawak Oil Palms Berhad	163,602
10	**Boustead Plantations Berhad [b, c]**	**155,457**

Notes:
a May include PAT derived from businesses other than the upstream palm oil business segment and from geographies other than Malaysia.
b Proforma PAT derived solely from the upstream palm oil business segment in Malaysia.
c Proforma PAT is for the FYE 2012 in order to be consistent with the latest available FYE of most other industry players.

Source: Extracted from the independent market research report prepared by SMITH ZANDER

SMITH ZANDER

Boustead Plantations Berhad's positioning compared to other upstream palm oil competitors that do not have refinery operations

Total Planted Area

Rank	Industry Player	Total Planted Area (Ha)
1	**Boustead Plantations Berhad**	**70,991**
2	Genting Plantations Berhad	59,623
3	TH Plantations Berhad	53,805
4	Hap Seng Plantations Holdings Berhad	35,551
5	Sarawak Plantation Berhad	30,098
6	IJM Plantations Berhad	25,372
7	Unico-Desa Plantations Berhad	12,700

Note:
Total planted area for Rimbunan Sawit Berhad was not publicly available for the FYE 31 December 2012.

CPO Production Volume

Rank	Industry Player	CPO production volume (MT)
1	Genting Plantations Berhad	279,956
2	**Boustead Plantations Berhad [a]**	**250,430**
3	IJM Plantations Berhad	166,171
4	Hap Seng Plantations Holdings Berhad	154,595
5	Sarawak Plantation Berhad	133,905
6	TH Plantations Berhad	98,975
7	Rimbunan Sawit Berhad	63,646
8	Unico-Desa Plantations Berhad	61,282

Note:
a CPO production is for the FYE 2012 in order to be consistent with the latest available FYE of most other industry players

Revenue

Rank	Industry Player	Revenue [a] (RM '000)
1	Genting Plantations Berhad	1,233,417
2	**Boustead Plantations Berhad [b]**	**836,745**
3	Hap Seng Plantations Holdings Berhad [b, c]	526,499
4	IJM Plantations Berhad [d]	486,277
5	Sarawak Plantation Berhad	430,172
6	TH Plantations Berhad	375,846
7	Rimbunan Sawit Berhad [b]	313,867
8	Unico-Desa Plantations Berhad	194,197

Notes:
- *a May include revenue derived from crops other than oil palm and/or businesses other than plantations.*
- *b Proforma revenue derived solely from oil palm in Malaysia.*
- *c Proforma revenue is for the FYE 2012 in order to be consistent with the latest available FYE of most other industry players.*
- *d Includes revenue derived from geographies other than Malaysia*

PAT

Rank	Industry Player	PAT [a] (RM '000)
1	Genting Plantations Berhad	321,873
2	TH Plantations Berhad	167,536
3	**Boustead Plantations Berhad [b, c]**	**155,457**
4	Hap Seng Plantations Holdings Berhad [b]	140,335
5	IJM Plantations Berhad [a]	118,448
6	Sarawak Plantation Berhad	44,877
7	Unico-Desa Plantations Berhad	25,469
8	Rimbunan Sawit Berhad [b]	19,267

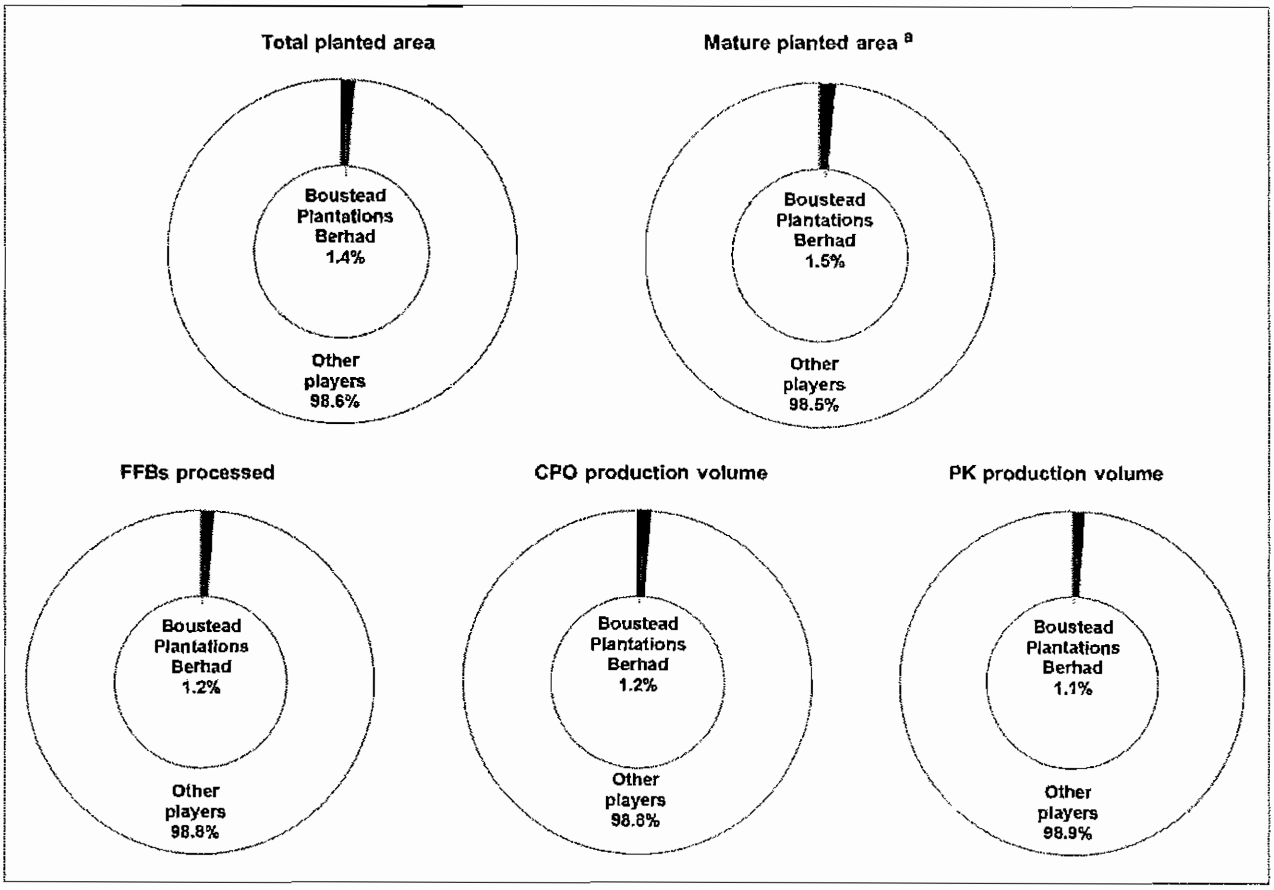
Notes:
- *a May include PAT derived from crops other than oil palm and/or businesses other than plantations.*
- *b Proforma PAT derived solely from oil palm in Malaysia.*
- *c Proforma PAT is for the FYE 2012 in order to be consistent with the latest available FYE of most other industry players.*
- *d Includes PAT of revenue derived from geographies other than Malaysia.*

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Boustead Plantations Berhad's market share in 2013 is a measurement of its performance against the industry, whereby:

- Boustead Plantations Berhad garnered a market share of 1.4% based on a total planted area of 70,991 Ha compared to the total of 5.2 million Ha in Malaysia.
- Boustead Plantations Berhad gained a market share of 1.5% in terms of 65,734 Ha of mature planted area compared to the total of 4.5 million Ha in Malaysia.
- Boustead Plantations Berhad achieved a market share of 1.2% based on 1,141,824 MT of processed FFBs compared to the total of 94.9 million MT in Malaysia.
- Boustead Plantations Berhad garnered a market share of 1.2% based on 238,371 MT of produced CPO compared to the total of 19.2 million MT in Malaysia.
- Boustead Plantations Berhad gained a market share of 1.1% based on 52,927 MT of produced palm kernels compared to the total of 4.9 million MT in Malaysia.

Palm oil industry in Malaysia – market share 2013



Note:

[a] *Mature planted area as defined Boustead Plantations Berhad refers to crops between the ages of 4 – 20 years while MPOB's definition refers to crops aged 3 years and above*

Source: MPOB, SMITH ZANDER analysis

2 OVERVIEW OF THE GLOBAL EDIBLE OILS AND FATS MARKET

2.1. Definition and Segmentation

The edible oils and fats market comprise 17 widely recognised and globally traded vegetable oils and animal oils/fats. These edible oils and fats can be broadly categorised into two, namely vegetable oils and animal oils/fats. The term 'oil' largely refers to liquid substances while 'fat' refers to solid substances. Oils and fats are insoluble in water, but are soluble in most organic solvents. Edible oils and fats are made of triglycerides, a molecule that combines one unit of glycerol (or glycerine) with three units of fatty acids. Edible oils and fats can be found in a liquid, semisolid, or solid form at room temperature.

Edible oils and fats – market segmentation

EDIBLE OILS AND FATS	
VEGETABLE OILS	▪ Derived from plantation ▪ Castor oil, coconut oil, corn oil, cotton oil, groundnut/peanut oil, linseed oil, olive oil, palm oil, palm kernel oil, rapeseed/canola oil, sesame oil, soybean oil and sunflower oil
ANIMAL OILS/FATS	▪ Derived from animals ▪ Butter, fish oil, lard and tallow

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Edible oils and fats are primarily utilised for food applications, and largely in the manufacturing of cooking and salad oils, margarines and spreads, food dressings, shortenings, and substitutes for hard butter and cocoa butter. The main processes required to produce these food products are:

- extraction of oil from the oil-bearing source
- degumming to remove a minor component of crude vegetable oil-phosphatides
- refining or neutralisation of free fatty acids
- bleaching to remove colour-producing compounds
- deodorisation to remove undesirable flavors, colours and odours

Several further processes are additionally required to obtain margarines and shortenings, including fractionation, hydrogenation and/or interesterification. Edible oils and fats are also utilised in non-food applications as raw materials for the production of oleochemicals, in which they are used in the manufacturing of a wide range of goods such as soaps, lubricants, paints, candles and biodiesel.

Characteristics and applications of major edible oils and fats

EDIBLE OILS AND FATS

VEGETABLE OILS

Castor oil
- Extracted from the castor seed.
- The oil is pale and has little or no taste.
- Popularly used as a lubricant, in the manufacturing of cosmetics, soaps, plastics and paints, and an ingredient in medicinal drugs.

Coconut oil
- A tropical oil extracted from dried coconut or copra.
- Has high content of saturated fatty acids, which provides it with thermal and oxidative stability.
- Resistant to rancidity, and has a long shelf life even in warm climates
- Refined coconut oil has a high-smoke point, which makes it a suitable frying oil.
- Also used to make margarine, snack foods, soaps, as well as in cosmetics.

Corn oil
- Extracted from the endosperm of corn kernels (or maize).
- Odourless and has a slight taste.
- Ideal for frying due to its high-smoke point.
- Widely used in salad dressings, margarines, and mayonnaise (after undergoing partial hydrogenation).
- Also used in animal feed, and in industrial applications such as soaps, paints and inks.

Cottonseed oil
- Obtained from the seeds of the cotton plant upon removal of cotton lint.
- Viscous and has a mild nutty and buttery flavour.
- Light golden in colour, although the colour is dependent on the extent of refining.
- Commonly used in the manufacturing of snack foods such as potato chips, as well as in margarine, salad dressings, and other fried products.

Groundnut / peanut oil
- Clear, all-purpose oil pressed from peanuts.
- Pale gold in colour and is subtly flavored with the richness of peanuts.
- Popular in Asian cuisine as a cooking oil, especially in Chinese cooking.
- Ideal for frying due to its high-smoke point, and can be reused again as it absorbs very little taste or odour.
- Commonly used in the manufacture of salad dressings and margarine.

Linseed oil
- Derived from the seeds of the flax plant.
- Cold-pressed linseed oil is edible and referred to as flaxseed oil.
- Flaxseed oil is consumed for its health benefits.
- Linseed oil is commonly used in paint and wood finishes.

Olive oil
- Obtained from ripe green olives, and one of the best sources for monounsaturated fatty acids.
- Mainly used in food applications as cooking oil and as salad dressing
- Also utilised in personal care products and cosmetics.

Palm oil
- Obtained from the fibrous oil-bearing outer mesocarp layer of the oil palm fruit.
- Has solid consistency at room temperature, rendering it ideal in a variety of food applications.
- Major food use at cooking oil as its fatty acid content is generally stable to oxidation, and it also contains high levels of natural antioxidants.
- Ideal ingredient in margarine as it provides the required solid fat content with little or no hydrogenation, and ensures a stable crystal structure to enable a desirable spreadable characteristic
- A preferred ingredient in shortening, due to its ability to crystalise and to facilitate mixing in order to create a smooth structure, making it highly useful in baking applications.
- Also used in the production of ghee (vanaspati), ice cream, cocoa butter substitutes and confectionary fats.

EDIBLE OILS AND FATS (cont.)

VEGETABLE OILS

Palm kernel oil

- Obtained from kernel layer of the oil palm fruit.
- Most comparable to coconut oil in that they both have high lauric acid content, and are described as lauric oils.
- Solid at room temperature due to its combination of short and medium chain saturated acids
- Used in dairy products such as filled milk and coffee creamers as a replacement for butterfat due to its clean flavour, low acidity and oxidation, long shelf life and low levels of trace metals and impurities
- A valuable ingredient in margarine blends, in particular when used together with palm oil.
- Palm kernel stearin is utilised as an ingredient in confectionary fats, as a substitute for cocoa butter due to its similar solid fat content.
- Ideal ingredient in the oleochemical industry due composition of fatty acids with medium and short chain lengths.
- Mainly utilised in the production of soap, whereby the shorter chain fatty acids impart smooth lathering while the longer chain fatty acids lend persistence to the foam.
- Other applications require chemical modification processes for the formation of fatty acid compounds such as esters and fatty alcohols. These compounds are then used as intermediary raw materials in the manufacturing of a wide range of end-user products such as personal care products, cosmetics, surfactants, household cleaning products, lubricants, tissue and diapers.

Rapeseed / canola oil

- Obtained from rapeseed and is high in erucic acid, making it inedible.
- Low erucic acid varieties of rapeseed were developed in the 1970s that are suitable for human consumption, which are known as canola.
- Canola oil is known to have the lowest level of saturated fatty acids among all major vegetable oils.
- High in monounsaturated fatty acids, as well as in Omega-3 fatty acids.
- Suitable for cooking, flavouring and as a salad dressing as it is mildly flavoured.

Sesame oil

- Obtained from pressed sesame seeds.
- Cold-pressed sesame oil is obtained from raw sesame seeds, and has a light yellow colour.
- Hot-pressed sesame oil is darker and has a more pungent taste, and is the type often used in Asian cuisine. This dark sesame oil is obtained from toasted hulled sesame seeds.
- Cold-pressed sesame oil is more popular in the West and is used to make margarines and spread.
- The dark sesame oil is not normally used as cooking oil, but is often added at the end of cooking as a flavour enhancer

Soybean oil

- A by-product of the soybean industry, whose main aim is the production of soy meal for animal feed.
- Relatively high in polyunsaturated fats and can be used as cooking oil, although its use is more widespread in margarine, spreads, and shortenings.

Sunflower oil

- Obtained from sunflower seeds and has a light taste.
- Low in unsaturated fats, high in mono- and polyunsaturated fats, and a rich source of Vitamin E.
- Widely used in cooking and in salad dressings due to its healthy composition of fatty acids but not well suited for deep frying due to its low smoke point.
- Gaining popularity as an emollient in cosmetic applications.

EDIBLE OILS AND FATS (cont.)

ANIMAL OILS/FATS

Butter
- Produced by churning milk or cream until it reaches a semi-solid state, whereby the fat granules are then separated from the liquid buttermilk.
- Can be consumed directly, and widely used in cooking applications such as baking, sauce making and frying.

Fish oil
- Derived from the tissues of fish, such as cod, tuna and salmon and high in Omega-3 fatty acids.
- Widely used as a nutritional supplement.

Lard
- Commercial lard refers to rendered and clarified pork fat which is white in colour.
- Has a high-smoke point and was thus traditionally used for deep frying. Lard also provides flavour and texture when used as an ingredient in pie crusts, biscuits, pastries and other baked goods.
- Also used in soaps, salves and candles.

Tallow
- Solid fat that is rendered from the tissues and fatty deposits (referred to as suet) from cattle and sheep.
- Pure tallow is white in colour and is nearly tasteless and odourless.
- Used as cooking fat or shortening in baked goods, and as a lubricant and in the making of candles and soaps.

Source: Extracted from the independent market research report prepared by SMITH ZANDER

2.2. Market Performance, Outlook and Prospects

2.2.1. Supply Analysis

Global production of edible oils and fats displayed steady positive growth since 2000, increasing from 114.9 million MT in 2000 to 186.3 million MT in 2012 and registering a CAGR of 4.1% over this period.

Globally, CPO and soybean oil are the highest produced oils, far outstripping the supply of other edible oils and fats. The market share of CPO and soybean oil, compared against other edible oils and fats, in 2012 was recorded at 28% and 22% respectively, with CPO being the oil of choice in developing nations in Asia and Africa, where supplies are abundant, and soybean oil being preferred in the advanced economies of North America and Europe. Rapeseed oil was the third most produced oil globally in 2012 and accounted for 13% of the global edible oils and fats supply market. PKO was the fifth most produced vegetable oil globally in 2012 and accounted for 3% of the edible oils and fats supply market in that year.

In terms of suppliers, the key producers of edible oils and fats globally in 2012 were Indonesia (accounted for 15% of global production), China (accounted for 13% of global production), Malaysia (accounted for 12% of global production), the United States (accounted for 9% of global production) and India (accounted for 5% of global production). Member countries of the European Union, such as Germany, France and Spain, were also notable producers of edible oils and fats, and this region collectively accounted for 12% of global production in 2012. Indonesia and Malaysia mainly produced palm oil and PKO, while China was a producer of a variety of oils including cottonseed oil, groundnut/peanut oil, sesame seed oil and soybean oil. The United States is a key producer of corn oil, as well as cottonseed oil and soybean oil. India meanwhile produced coconut oil, cottonseed oil, groundnut/peanut oil and sesame seed oil.

Weather conditions play a crucial role in determining production trends each year, with various parts of the world generally experiencing different weather patterns that will in turn affect the production of each oil and fat in a different manner. For instance, the El Nino phenomenon that occurred in 2009 resulted in dry conditions in Southeast Asia and Central America, but in contrast led to wet conditions in South America. Nevertheless, global production of edible oils and fats registered a lower albeit positive growth rate that year by 3%, from 160.3 million MT in 2008 to 165.1 million MT in 2009, compared to a growth rate of 3.8% the previous year. Production levels rebounded in 2010, growing by 4.4% to 172.3 million MT.

Global production of edible oils and fats is expected to further grow to 209 million MT by 2015, registering a CAGR of 4.1% between the years 2000 and 2015. CPO and soybean oil will continue to feature prominently as the highest produced oils during the forecast period. Indonesia, China, Malaysia and United States are expected to remain as key supply nations of edible oils and fats globally, owing to the large oil palm and soybean oil crop plantations in these countries and various Government efforts to encourage replanting.

Edible oils and fats supply market – global market, major oils and major regions

Edible oils and fats supply market – global historical performance and outlook

Year	Supply (million MT)	
	Volume	Growth rate (%)
2000	114.9	-
2001	117.8	2.5
2002	120.9	2.6
2003	125.9	4.1
2004	132.5	5.2
2005	141.2	6.6
2006	150.2	6.4
2007	154.4	2.8
2008	160.3	3.8
2009	165.1	3.0
2010	172.3	4.4
2011	179.1	3.9
2012	186.3	4.0
2013e	193.7	4.0
2014f	201.1	3.8
2015f	209.0	3.9
CAGR 2000-2012	**4.1%**	
CAGR 2000-2015f	**4.1%**	

Edible oils and fats supply market – major edible oils and fats, 2012

Supply

Edible oils and fats supply market – major regions, 2012

Supply

Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

CPO and PKO recorded the highest production growth over this period, with global production of palm oil increasing from 22 million MT in 2000 to 51.5 million MT in 2012 at a strong CAGR of 7.3%. Similarly, PKO grew from 2.7 million MT to 5.8 million MT over the same period at a CAGR of 6.6%. Over the period of 2000 to 2012, other major vegetable oils including soybean oil (CAGR of 4.1%), rapeseed oil (CAGR of 4.1%), sunflower oil (CAGR of 3.5%), castor oil (CAGR of 2.8%), cotton oil (CAGR of 2.2%), olive oil (CAGR of 2.6%) and sesame oil (CAGR of 2.0%), also registered positive growth. In the animal oils/fats segment, butter and lard registered positive growth rates at a CAGR of 2.0% and 1.7% respectively over the same duration.

Palm oil supply market – global market size, major regions and major countries

Palm oil supply market – global historical performance and outlook

Year	Supply (million MT)	
	Volume	Growth rate (%)
2000	22.0	-
2001	24.1	9.5
2002	25.6	6.2
2003	28.4	10.9
2004	31.3	10.2
2005	34.1	8.9
2006	37.4	9.7
2007	39.1	4.5
2008	43.6	11.5
2009	45.3	3.9
2010	45.8	1.1
2011	50.2	9.6
2012	51.5	2.6
CAGR 2000-2012	7.3%	

Palm oil supply market – major regions, 2012

Supply

Palm oil supply market – major countries, 2012

Supply

Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

PKO supply market – global market size, major regions and major countries

PKO supply market – global historical performance and outlook

Year	Supply (million MT)	
	Volume	Growth rate (%)
2000	2.7	-
2001	2.9	7.4
2002	3.1	6.9
2003	3.4	9.7
2004	3.6	5.9
2005	4.0	11.1
2006	4.4	10.0
2007	4.5	2.3
2008	5.0	11.1
2009	5.2	4.0
2010	5.2	0.0
2011	5.6	7.7
2012	5.8	3.6
CAGR 2000-2012	6.6%	

PKO supply market – major regions, 2012

Supply

PKO supply market – major countries, 2012

Supply

Note:
Latest available year is 2012

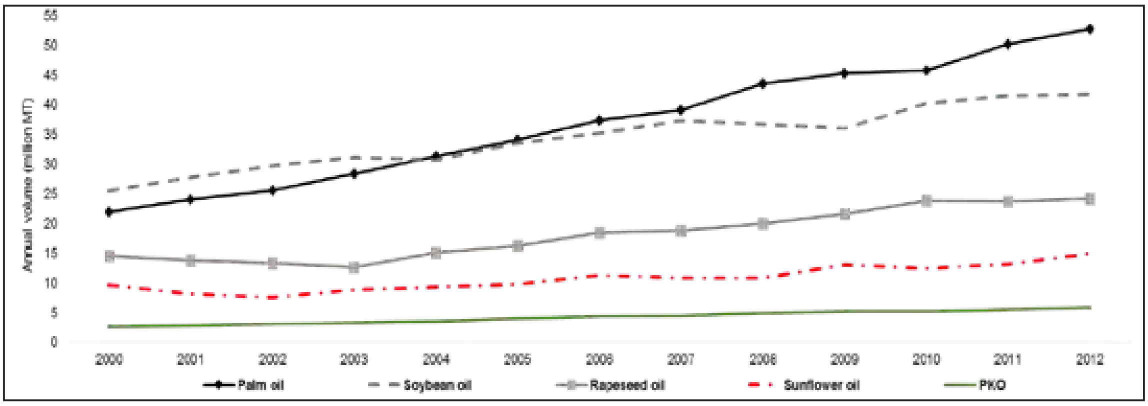
Source: Extracted from the independent market research report prepared by SMITH ZANDER

Production of crude soybean oil increased at a healthy pace from 25.6 million MT in 2000 to 41.7 million MT in 2012 at a CAGR of 4.1% over the period. Global production of crude soybean oil is influenced by factors such as weather conditions and crop switching due to competition from other crops with greater profit margins. Crude soybean oil is mainly produced in North, Central and South America, particularly in the United States, Brazil and Argentina. In the United States, soybean competes with corn, wheat and cotton for planting acreage, leading to the increasing global dependence on South America for soybean supply since 2002. As soybeans enrich the soil with nitrogen, farmers typically switch crops every alternate year, and more so when the prices of competing crops increase as a result of greater demand.

Global production of crude rapeseed oil grew from 14.5 million MT in 2000 to 23.6 million MT in 2012, recording a CAGR of 4.1% over the period. In the last 20 years, the production of crude rapeseed oil production has fluctuated due to production slowdowns in the European Union, India, Canada and China that were caused by poor weather conditions and decreasing seeded area.

Worldwide production of crude sunflower oil increased from 9.7 million MT in 2000 to 14.6 million MT in 2012, registering a CAGR of 3.5% over this duration. Global production of crude sunflower oil is primarily influenced by seeded area, though it is noted that global production has been increasing at a higher rate than seeded area since 2005 due to improved yield. Sunflower seed is mainly grown in Ukraine, Russia, the European Union and Argentina, with Ukraine being the largest exporter in recent years.

Edible oils and fats supply market – comparative performance of major oils



Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

2.2.2. Demand Analysis

Consumption of vegetable-based edible oils is commonly measured by the volume of processed and refined oil consumed as opposed to consumption of its crude form. Global consumption of edible oils and fats increased from 113.5 million MT in 2000 to 185.6 million MT in 2012 at a CAGR of 4.2%. Consumption is largely affected by market prices, production volume, availability of product substitutes and demand from end-user industries. Edible oils and fats are consumed by four main industries, i.e. food, energy (biofuels), oleochemicals and others such as animal feed.

The trend in consumption largely reflects a trend similar to production patterns, with most of the edible oils and fats recording positive increases in consumption over the period between 2000 and 2012.

Palm oil is now the world's most consumed edible oil, having surpassed soybean oil in global consumption in 2005, whereby palm oil consumption accounted for 28% of total consumption of edible oils and fats in 2012. Soybean oil was the next highest of the vegetable oils consumed in 2012 and accounted for 24% of total consumption, followed by rapeseed/canola oil (14%), sunflower oil (7%) as well as PKO (3%). At the same time, PKO has also consistently shown higher consumption growth rates as compared to soybean oil, rapeseed oil and sunflower oil.

As with other commodities, consumption patterns of edible oils and fats are subject to fluctuations in market prices, which are determined by supply and demand dynamics as well as external macro forces. Additionally, several of the edible oils and fats, such as palm oil and soybean oil, are commodities that are traded in global markets, and as such are also influenced by economic conditions that affect speculative trading.

China represents the largest market for edible oils and fats, whereby in 2012 the nation's consumption was registered at approximately 35.3 million MT, thereby accounting for 19% of total consumption of edible oils and fats worldwide. Other key consumers in 2012 included the European Union (17% of global consumption), India (10% of global consumption), the United States (9% of global consumption), Brazil (4% of global consumption), Commonwealth of Independent States (4%

of global consumption), Indonesia (4% of global consumption), Malaysia (2% of global consumption), Pakistan (2% of global consumption) and Japan (2% of global consumption).

Global demand for edible oils and fats is expected to grow to 209.7 million MT by 2015, registering a CAGR of 4.2% between the years 2000 and 2015. The trend in demand will reflect the trend in supply, with palm oil and soybean oil being the most consumed oils over the forecast period. Global demand for edible oils and fats over the forecast period will be driven by factors such as the growing demand for food, wide range of applications of edible oils and fats, increasing demand from key consuming countries in China and India and key consuming regions such as Africa and Middle East, and increase in the use of biodiesel.

Edible oils and fats demand market – global market, major oils and major regions

Edible oils and fats demand market – global historical performance and outlook

Year	Demand (million MT)	
	Volume	Growth rate (%)
2000	113.5	-
2001	117.9	3.9
2002	121.6	3.1
2003	126.2	3.8
2004	131.6	4.3
2005	139.2	5.8
2006	147.4	5.9
2007	153.6	4.2
2008	159.7	4.0
2009	164.3	2.9
2010	171.9	4.6
2011	178.5	3.8
2012	185.6	4.0
2013e	193.4	4.2
2014f	201.3	4.1
2015f	209.7	4.2
CAGR 2000-2012	**4.2%**	
CAGR 2000-2015f	**4.2%**	

Edible oils and fats demand market – major edible oils and fats, 2012

Demand

Edible oils and fats demand market – major regions, 2012

Demand

Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Not only is palm oil now the most consumed edible oil, it is also the fastest growing. Palm oil registered the highest growth in consumption during the years 2000 to 2012, increasing from 21.8 million MT in 2000 to 51.1 million MT in 2012 at an impressive CAGR of 7.4%. PKO recorded the second highest growth rate over the same period, with global consumption levels increasing from 2.5 million MT to 5.7 million MT at a CAGR of 7.1% during the same period. Soybean oil also registered positive growth trends, growing at a CAGR of 5.1% over the period, along with rapeseed oil (CAGR of 4.9%) and sunflower oil (CAGR of 2.8%). In the animal oils/fats segment, butter and lard grew at a CAGR of 1.9% and 1.7% respectively during the period between 2000 and 2012.

While other substitute vegetable oils are available for palm oil and PKO, these two vegetable oils remain as the preferred choice among consumers due to their availability in large volumes which surpass other vegetable oils such as soybean oil, rapeseed oil, sunflower oil and coconut oil. Palm oil and PKO are also cost competitive in comparison to other major vegetable oils.

Palm oil demand market – global market size, major regions and major countries

Palm oil demand market – global historical performance and outlook

Year	Demand (million MT)	
	Volume	Growth rate (%)
2000	21.8	-
2001	23.8	9.2
2002	25.6	7.6
2003	28.5	11.3
2004	30.3	6.3
2005	33.6	10.9
2006	36.2	7.7
2007	37.9	4.7
2008	42.7	12.7
2009	45.5	6.6
2010	46.5	2.2
2011	49.2	5.8
2012	51.1	3.9
CAGR 2000-2012	7.4%	

Palm oil demand market – major regions, 2012

Demand

Palm oil demand market – major countries, 2012

Demand

Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

PKO demand market – global market size, major regions and major countries

PKO demand market – global historical performance and outlook

Year	Demand (million MT)	
	Volume	Growth rate (%)
2000	2.5	-
2001	2.8	12.0
2002	3.1	10.7
2003	3.5	12.9
2004	3.6	2.9
2005	3.9	8.3
2006	4.2	7.7
2007	4.6	9.5
2008	4.8	4.3
2009	5.4	12.5
2010	5.3	-1.9
2011	5.3	0.0
2012	5.7	7.5
CAGR 2000-2012	7.1%	

PKO demand market – major regions, 2012

Demand

PKO demand market – major countries, 2012

Demand

Note:
Latest available year is 2012

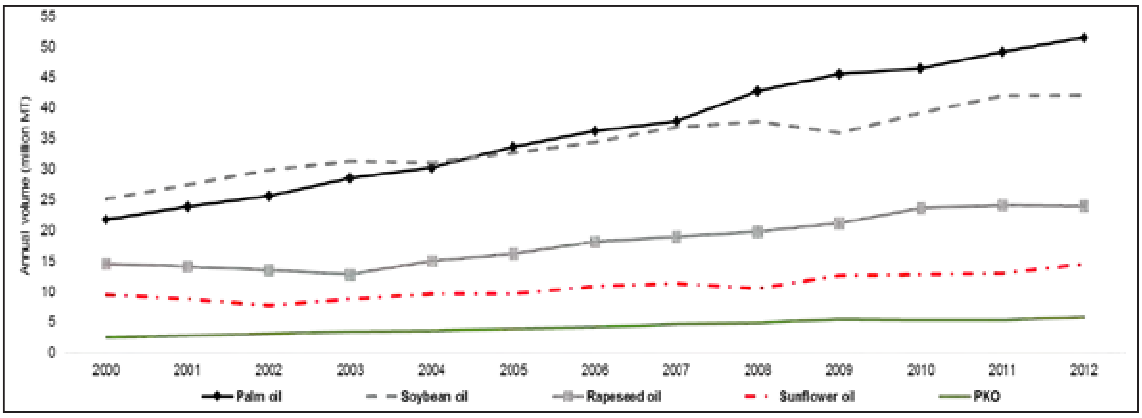
Source: Extracted from the independent market research report prepared by SMITH ZANDER

Consumption of soybean oil globally increased from 25.1 million MT in 2000 to 45.4 million MT in 2012 at a CAGR of 5.1%. Worldwide soybean oil consumption largely followed production, displaying a slightly fluctuating but nevertheless increasing trend over the last twenty-year period. Consumption declines were witnessed in 2004 and 2009 due to production slowdowns and substitution for competing edible oils and fats. Soybean oil is mainly consumed as food and feedstock for biodiesel. Major consumers of soybean oil include China, Brazil, United States, Argentina and India.

Rapeseed oil registered strong worldwide consumption growth in recent years, with consumption levels growing from 14.5 million MT in 2000 to 25.6 million MT in 2012 at a CAGR of 4.9%. Consumption trends of rapeseed oil also increased in line with production, with minor fluctuations caused by lower prices of competing oils such as soybean and palm oil. Canola oil is mainly utilised in the food sector due its low saturated fatty acid content, while inedible rapeseed oil is typically used as feedstock for biodiesel. The largest consumers of rapeseed/canola oil are the European Union, China, India and the United States.

Worldwide consumption of sunflower oil rose from 9.4 million MT in 2000 to 13.1 million MT in 2012 at a CAGR of 2.8%. In addition to its light taste, sunflower oil has high composition of mono- and polyunsaturated fatty acids, rendering it a healthy choice for food consumption and limiting its use for biodiesel production. Key importers of sunflower oil include the European Union, India, Turkey and Algeria.

Edible oils and fats demand market – comparative performance of major oils



Note:
Latest available year is 2012

Source: Extracted from the independent market research report prepared by SMITH ZANDER

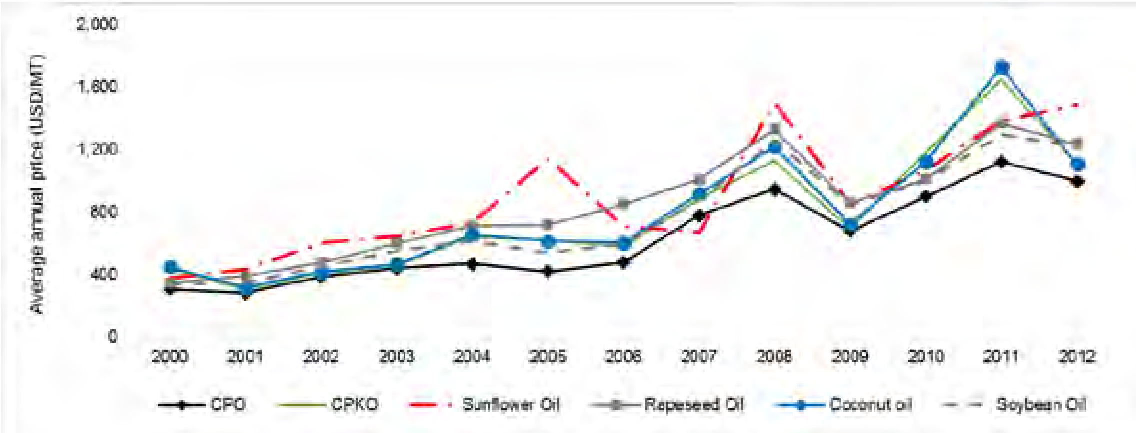
2.3. Pricing Analysis and Trends

The market prices of individual edible oils and fats generally move in line with one another, with varying degrees usually as a result of their respective production and consumption patterns. Market prices of edible oils and fats are also influenced by the market prices of their comparable edible oils and fats due to their similar physical properties and applications, such as in the case of palm oil and soybean oil or PKO and coconut oil.

Market prices of edible oils and fats also largely followed that of crude oil, particularly from 2007 onwards, due to their use as feedstock in the production of biodiesel and hence serving as a substitute for crude oil. For instance, escalating crude oil prices in 2008 also led to sharp increases in market prices of edible oils and fats that year, with prices subsequently declining sharply in 2009 brought about by the economic recession that ensued. It is noted that market prices of lauric oils (i.e. PKO and coconut oil) are less tied to market prices of crude oil due to their distinct properties that render them less favourable for use as feedstock in biodiesel production.

In addition to its many uses, palm oil also holds several advantages when compared to other vegetable-based edible oils. Most importantly, CPO is now the most cost competitive and lowest-priced among the vegetable-based edible oils, such as crude soybean oil, rapeseed oil, sunflower oil and crude coconut oil. In 2013, the average annual price of CPO was recorded at USD857 per MT, the lowest when compared to crude soybean oil at USD1,057 per MT, rapeseed oil at USD1,082 per MT, sunflower oil at USD1,124 per MT and crude coconut oil at USD940 per MT. Throughout the years 2000 to 2013, CPO has consistently emerged as the most cost competitive vegetable oil. The lower CPO price and its wide availability has rendered it a preferred alternative when compared to the other vegetable-based edible oils.

Edible oils and fats – global price trend



Source: Extracted from the independent market research report prepared by SMITH ZANDER

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3 OUTLOOK AND PROSPECTS FOR BOUSTEAD PLANTATIONS BERHAD

Edible oils and fats are some of the most crucial cooking ingredients in the world and are more sought after now than before. These oils form the basis for food, energy, oleochemicals and fuel. Demand is growing steadily and will continue to do so, matching the growth in population and rising living standards in emerging markets. Global demand for edible oils and fats is expected to grow from 113.5 million MT in 2000 to 209.7 million MT in 2015 at a CAGR of 4.2%, strongly driven by the key supplying nations of Indonesia, China, Malaysia and United States. The strong consumption growth in edible oils and fats over the forecast period is projected to be supported by strong production growth, particularly for palm oil, which is the most produced and consumed of the edible oils and fats.

Growth in the palm oil industry is expected to be driven by a number of factors. Among them include the increasing demand for food as a result of the growing population and economic development of key consuming markets such as China and India as well as regions such as Africa and Middle East. Other regions globally such as East Asia and the Pacific, Europe and Central Asia, Latin America and the Caribbean, and South Asia have also registered healthy population increases, along with growth in GDP. Growth in these markets is expected to boost growth in the demand for palm oil and palm oil related products, thereby driving production and consumption worldwide. Furthermore, palm oil's versatility and fat content have positioned it as a key sustainable global commodity. Hence, palm oil is increasingly used in a wide range of food and non-food applications, and this bodes well to the continued demand for palm oil products.

Malaysia has consistently been among the top two producers of CPO and CPKO globally as a result of the nation's focus on this oilcrop as an economic sector. The palm oil industry has shown significant growth globally as well as domestically, and this industry is expected to continue to witness growth in the future.

The Government has identified the palm oil sector as a National Key Economic Area (NKEA) in the ETP, which is aimed at reaching a GNI of RM178 billion in 2020 while creating an additional 41,000 jobs during this period. The eight entry point projects (EPPs) that span across the palm oil value chain targets developing oil palm cultivation, productivity and sustainability, and ensuring expansion and sustainability of mill and refinery operations. Collectively, these EPPs aim to achieve an increase in the supply of palm oil for domestic and export consumption, and generate higher revenues for the industry.

As a result of these EPPs, Malaysia expects to witness growth in total planted area with industry players such as Boustead Plantations Berhad boosting their respective planted areas, thereby providing impetus for the nation to achieve greater export revenue resulting from higher FFB yields and increased production of CPO as well as refined palm products.

SMITH ZANDER notes that Boustead Plantations Berhad intends to expand its plantation assets by 20,000 Ha over the next five (5) years, with the ultimate objective of increasing CPO and PK production, its main revenue streams. With the growing demand for edible oils and fats globally, especially for palm-based oils and fats, Boustead Plantations Berhad's planned increase in CPO and PK production is in line with overall market direction and appears to be a justified growth strategy for the Company. Such an expansion, together with increased productivity and efficiency, shall be made possible as Boustead Plantations Berhad leverages on its competitive strengths and advantages gained from its long experience in the upstream palm oil industry.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS

9.1 BOARD OF DIRECTORS

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**"), which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies. The MCCG 2012 is specifically targeted for listed companies on Bursa Securities, and listed companies with the FYE 31 December 2012 onwards, whereby these companies are required to report the extent of the adoption of the principles and recommendations of the MCCG 2012 in their annual reports.

Our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Group effectively. Our Board is also committed to achieving and sustaining high standards of corporate governance.

Within the limits set by our Articles, our Board is responsible for the governance and management of our Company. To ensure the effective discharge of its functions, our Board endeavours to follow the MCCG 2012, which sets out the following responsibilities for our Board:

(i) to review, challenge and approve our annual corporate plan, which includes our overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan;

(ii) to oversee the conduct of our businesses and to determine whether the businesses are being properly managed;

(iii) to identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to effectively monitor and manage these risks;

(iv) succession planning, including appointing, training, fixing the remuneration of, and where appropriate, replacing key management;

(v) to oversee the development and implementation of a shareholder communications policy for our Company; and

(vi) to review the adequacy and the integrity of our management information and internal controls systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines (including Bursa Securities LR, securities laws and the Act).

In accordance with Article 106 of our Articles, an election of Directors shall take place each year at every AGM, at least one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least in each three years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

In accordance with Article 107 of our Articles, subject to the Act, the Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with Article 112 of our Articles, the Directors shall have power at any time to appoint any other person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Any Director so appointed shall hold office only until the conclusion of the next AGM and shall be eligible for re-election at such meeting. A Director retiring under this Article shall not be taken into account in determining the Directors or the number of Directors to retire by rotation at such meeting.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

In accordance with Article 97 of our Articles, until otherwise determined by the Company in general meeting, the number of Directors including the Chief Executive Officer/Executive Director, shall not be less than two nor more than 15 but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Directors or Director may act only for the purpose of filling up such vacancy or vacancies or of summoning a general meeting of the Company but not for any other purpose. As at the date of this Prospectus, our Board consists of six Directors, three of whom are Independent Directors.

The details of the members of our Board, all of whom are Malaysian, and the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

Name	Age	Date of appointment	Date of expiration of the current term of office	No. of years and months in office as at the LPD
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R) *(Non-Independent Non-Executive Chairman)*	83	18 January 1991	To retire at every AGM pursuant to Section 129(6) of the Act	23 years 2 months
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin *(Non-Independent Non-Executive Vice Chairman)*	65	25 October 2013	Subject to retirement at the next AGM in 2015	5 months
Datuk Zakaria bin Sharif *(Non-Independent Non-Executive Director)*	56	15 April 2014	Subject to re-election at the next AGM in 2015	*
Dato' Mohzani bin Datuk Dr. Abdul Wahab *(Senior Independent Non-Executive Director)*	60	25 October 2013	Subject to retirement at the next AGM in 2016	5 months
Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P. *(Independent Non-Executive Director)*	63	10 April 2014	Subject to re-election at the next AGM in 2015	*
Dr. Raja Abdul Malek bin Raja Jallaludin *(Independent Non-Executive Director)*	68	23 December 2013	Subject to retirement at the next AGM in 2016	3 months

Note:

* *Not applicable*

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9.1.1 Profiles of our Directors

(i) Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)

Gen. Tan Sri Dato' Mohd Ghazali bin Hj. Che Mat (R) is our Non-Independent Non-Executive Chairman. Tan Sri Ghazali graduated from the Officer Cadet School Eaton Hall, United Kingdom in 1953, the Royal Military Academy, Sandhurst, United Kingdom in 1955 and the Command and Staff College, Quetta, Pakistan in 1961.

Following the completion of his military training, he served with the Malaysian Armed Forces for more than 30 years where he served in various capacities. He was appointed as Chief of the Malaysian Armed Forces in 1985 and retired from military service in 1987.

He was appointed as the Chairman of LTAT from 23 February 1988 until 22 February 2007. As at the LPD, he is the Independent Non-Executive Chairman of BHB and sits on the board of directors of various companies within the BHB Group namely, UAC Berhad and Boustead Properties Berhad.

(ii) Tan Sri Dato' Seri Lodin bin Wok Kamaruddin

Tan Sri Dato' Seri Lodin bin Wok Kamaruddin is our Non-Independent Non-Executive Vice Chairman. He graduated from the University of Toledo, Ohio, USA with a Bachelors degree in Business Administration and a Masters degree of Business Administration in 1972 and 1973, respectively.

He began his career with Perbadanan Kemajuan Bukit Fraser as its General Manager from 1973 to 1982. In 1982, he joined LTAT as its Deputy General Manager. In 1984, he was appointed to the board of directors of BHB as a Non-Independent Executive Director. In 1985, he was promoted to be the Chief Executive of LTAT, a position he holds to-date. In 1991, he was appointed as the Group Managing Director of BHB and in 2010 he was designated as the Deputy Chairman of BHB, both positions which he holds to-date.

He was appointed to our Board in 1991 as a Non-Independent Executive Director before he resigned from our Board in 2011.

As at the LPD, he is also the Chairman of Boustead Heavy Industries Corporation Berhad, Pharmaniaga Berhad and 1Malaysia Development Berhad as well as the Deputy Chairman of AFFIN Holdings and sits on the boards of directors of various companies such as UAC Berhad, MHS Aviation Berhad, AFFIN Bank Berhad, AFFIN Islamic Bank Berhad, AFFIN Investment and AXA AFFIN Life Insurance Berhad.

He is a recipient of numerous awards which includes, amongst others, the Malaysian Outstanding Entrepreneurship Award and the Brand Laureate Most Eminent Brand Icon Leadership Award 2012.

(iii) Datuk Zakaria bin Sharif

Datuk Zakaria bin Sharif is our Non-Independent Non-Executive Director. He graduated in 1979 from Monash University, Australia with a Bachelors degree in Economics majoring in Accountancy. He is a fellow of the Australian Society of Certified Public Accountant (FSCPA) since 2009, an associate of the Malaysian Institute of Certified Public Accountant (MICPA) since 1989 as well as a member of the Malaysian Institute of Accountants (MIA) since 1984.

He started his career with Price Waterhouse & Co. in 1980 as an Audit Senior in the Audit Division. In 1984, he joined Arab Malaysian Finance Berhad and served in various management positions until 1987. He subsequently joined LTAT in 1988 where he served as an Investment Manager until 1991. He joined BHB Group in 1992 as the General Manager of Emastulin Automobile Sdn Bhd, a subsidiary of BHB involved in the distribution of passenger cars and light and heavy vehicles, before joining another subsidiary of BHB, Boustead Trading Sdn Bhd, in 2000 as General Manager. From 2000 to 2003, he served as a General Manager at Perbadanan Hal Ehwal Bekas Angkatan Tentera, a wholly owned corporation of LTAT involved in providing training of retiring servicemen of the Malaysia Armed Forces. In 2003, he joined Perbadanan Perwira Harta Malaysia, another wholly owned corporation of LTAT involved in construction, property development and property management, as General Manager until 2011. He joined LTAT in 2007 as a General Manager Investment where he was responsible for managing LTAT's investments. He was later promoted as LTAT's Deputy Chief Executive in 2011, a position he holds to-date.

As at the LPD, he also sits on the board of directors of various public and private companies including Labuan Reinsurance (L) Ltd, Perumahan Kinrara Berhad, Chery Holdings Sdn Bhd and Jendela Hikmat Sdn Bhd.

(iv) Dato' Mohzani bin Datuk Dr. Abdul Wahab

Dato' Mohzani bin Datuk Dr. Abdul Wahab is our Senior Independent Non-Executive Director. Dato' Mohzani bin Datuk Dr. Abdul Wahab graduated from University Malaya with a Bachelors degree in Economics in 1976.

He began his career with the Shell group of companies ("**Shell Group**") in 1976. During his service with the Shell Group, he had assumed various senior positions in different divisions ranging from supply distribution, branding and communications, marketing and retail management under Shell's downstream oil products sector. From 2003 to 2009, he was involved in the management of the Shell Group's international retail business, namely in Singapore, Brunei, Hong Kong and Oman. His career progressed mainly within the Shell Group and he held his final position as Managing Director of Shell Malaysia Trading Sdn Bhd and Shell Timur Sdn Bhd in the year 2001 and 2005, respectively, until his retirement at the end of the year 2009.

As at the LPD, he is the Chairman of TH-Alam Management (M) Sdn Bhd, TH-Alam Holdings (L) Inc. and TH Marine Sdn Bhd and he sits on the board of directors of Celcom Axiata Bhd, Pavillion REIT Management Sdn Bhd and Hong Leong Investment Bank Berhad as an Independent Non-Executive Director. He is also a member of the investment panel of Lembaga Tabung Haji.

(v) Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P.

Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P. is our Independent Non-Executive Director. He graduated from Malaysian Armed Forces Staff College in 1986 and Malaysian Armed Forces Defence College in 1996. He obtained his Diploma in Industrial Management from the Universiti Kebangsaan Malaysia in 1988 and Master of Business Administration from Charles Sturt University, Australia in 2004. He also attended Commonwealth and Foreign Ordnance Officers' Course in United Kingdom, 1978, Senior Ordnance Officer (Management) Course in India, 1982 and Ordnance Officer Advance Course in United States of America, 1986. He is a member of the Malaysian Institute of Management since 1978.

He joined the Malaysian Armed Forces in 1971 where he served in various capacities such as Senior Officer, Logistics Plan & Operations for the United Nations' operations in Somalia from 1995 to 1996, Deputy Commandant from 1996 to 1997, Director of Defence Logistics Policy from 1998 to 2003 and Assistant Chief of Staff, Logistics from 2003 to 2005 before he retired from military service in 2006 with his last position as General Officer commanding the Logistics Division. During his tenure with Malaysian Armed Forces, he was responsible for the planning, management, financial control and implementation of the logistics, inventory, procurement and transportation of the army in the Malaysian Armed Forces.

As at the LPD, he is the Executive Chairman of Intake Eighteen Security Sdn Bhd, a security services company. He was previously an Independent Non-Executive Director of BREIT Managers before he resigned on 28 February 2014.

(vi) Dr. Raja Abdul Malek bin Raja Jallaludin

Dr. Raja Abdul Malek bin Raja Jallaludin is our Independent Non-Executive Director. He graduated with Bachelor of Medicine and Bachelor of Surgery from the Universiti Malaya in 1972. He has served in various peer and academic activities, amongst others, as a clinical tutor in the Faculty of Medicine, Universiti Malaya, a member of the Ethical Committee of the Malaysian Medical Council, Ministry of Health and also the Chairman of Council, Academy of Family Physicians, Malaysia

Early in his career, he worked at the General Hospital, Kuala Lumpur and the Faculty of Medicine, Universiti Kebangsaan Malaysia. In late 1975, he went into private medical practice and became a senior partner of Drs. Catterall, Khoo, Raja Malek & Partners.

From 1984 to 2000, he was the Medical Director (Malaysia-Singapore) for Parke Davis-Warner Lambert, and had continued with Pfizer Malaysia when after the two corporations merged in 2001. In 2003, he resigned from Drs. Catterall, Khoo, Raja Malek & Partners and joined HOE Pharmaceuticals Sdn Bhd, a multinational pharmaceutical firm as the Director of Medical and Scientific Affairs and holds this position to-date.

As at the LPD, his other directorships in public and private companies include ABB Trustee Berhad, StemLife Berhad, Hartamanis Holding Sdn Bhd, Mediko Farmasi Sdn Bhd and RAMJ Sdn. Bhd.

Our Directors also hold directorships in other companies, as disclosed in Section 9.1.3 of this Prospectus.

9.1.2 Shareholding of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after the IPO based on our Register of Directors' Shareholdings as at the LPD (assuming full subscription of the Offer Shares allocated to the eligible directors and employees of our Group, persons contributed to the success of our Group, the eligible directors and employees of BHB and specified directors of selected subsidiaries of BHB):

	Before the IPO				After the IPO			
	Direct		Indirect		Direct		Indirect	
Director	No. of Shares	%	No. of Shares	%	No. of Shares	%[(3)]	No. of Shares	%
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)	-	-	-	-	1,560,000[(1)]	0.1	-	-
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	-	-	-	-	31,443,500[(1)(2)]	2.0	-	-
Datuk Zakaria bin Sharif	-	-	-	-	200,000	*	-	-
Dato' Mohzani bin Datuk Dr. Abdul Wahab	-	-	-	-	200,000	*	-	-
Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P.	-	-	-	-	200,000	*	-	-
Dr. Raja Abdul Malek bin Raja Jallaludin	-	-	-	-	200,000	*	-	-

Notes:

(1) *Assuming full subscription of the Issue Shares entitled by our Directors pursuant to the Restricted Offering.*

(2) *Based on the full subscription of 150,000 Issue Shares and 5,638,500 Issue Shares pursuant to the Restricted BREIT Offering and the Restricted BHB Offering respectively, via the Undertaking Letter.*

(3) *Based on our enlarged issued and paid-up share capital of 1,600,000,000 Shares.*

* *Negligible*

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9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

9.1.3 Principal business activities performed by our Directors outside our Group in the past five years

Save as disclosed below, none of our Directors have performed any principal business activities outside our Group. The directorships of our Directors outside our Group at present and in the past five years preceding the LPD are as follows:

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)	*Present directorships*: • BHB	• Investment holding, property development and investment, hotel operations, pharmaceutical, trading and industrial, heavy industries and financial services	• Chairman of BHB and UAC Berhad
	• Boustead Curve Sdn Bhd	• Property rental and investment	
	• Boustead Properties Berhad	• Investment holding, property development, property investment, ownership and operating of hotels and production and supply of chilled water for air conditioning	
	• Boustead Sissons Paints Sdn Bhd	• Manufacture and sale of surface coatings for decorative and industrial applications	
	• Mutiara Rini Sdn Bhd	• Property investment and development	
	• UAC Berhad	• Manufacture and distribution of fibre cement building, products and property holding	
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	*Present directorships*: • 1Malaysia Development Berhad	• Investment holding, principally involved in power generating	• Chairman of Boustead Heavy Industries Corporation Berhad, Pharmaniaga Berhad and 1 Malaysia Development Berhad
	• AFFIN Bank Berhad	• Provision of commercial banking and hire purchase services	
	• AFFIN Holdings	• Investment holding, principally involved in commercial banking and hire purchase business, Islamic banking business, investment banking and stock-broking, money-broking, fund and unit trusts management	
	• AFFIN Investment	• Provision of investment banking and stockbroking services	
	• AFFIN Islamic Bank Berhad	• Provision of Islamic banking services	
	• AXA AFFIN Life Insurance Berhad	• Underwriting of life insurance business	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin *(Cont'd)*	*Present directorships (Cont'd)*:		• Deputy Chairman/ Group Managing Director of BHB, Deputy Chairman of AFFIN Holdings Berhad and Chief Executive of LTAT
	• Badan Pengawas Pemegang Saham Minoriti Berhad	• To promote corporate governance in companies through shareholder activism acting in the interest of the minority shareholders as an integral part to the development of the capital market	
	• BHB	• Investment holding, property development and investment, hotel operations, pharmaceutical, trading and industrial, heavy industries and financial services	
	• Boustead Atlas Hall Sdn Bhd	• Oil and gas engineering agency	
	• Boustead Heavy Industries Corporation Berhad	• Investment holding, principally involved in ship building, ship repair, heavy engineering, defence related services and other general and defence trading	
	• Boustead Hotels & Resorts Sdn Bhd	• Hotel operations	
	• Boustead Naval Shipyard Sdn Bhd	• Construction, repair and maintenance of naval ship, weapons, electronic, design and engineering	
	• Boustead Petroleum Marketing Sdn Bhd	• Marketing of petroleum products	
	• Boustead Petroleum Sdn Bhd	• Investment holding, principally involved in marketing and trading of petroleum products	
	• Boustead Properties Berhad	• Investment holding, property investment, ownership and operating of hotels	
	• Boustead Travel Services Sdn Bhd	• Travel agents and tour operators	
	• FIDE Forum	• To enhance boardroom governance within the financial sector and develop world class directors who are advocates of best practices and excellence in corporate governance	
	• HwangDBS Investment Bank Berhad	• Investment banking, stockbroking and related financial services	
	• Hwang Investment Management Berhad	• Management of unit trust funds and provision of fund management services	

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin *(Cont'd)*	*Present directorships (Cont'd)*:		
	• Irat Hotels & Resorts Sdn Bhd	• Property investment	
	• Johan Ceramics Berhad	• Manufacturing and sale of glazed ceramic wall and floor tiles	
	• Kao (Malaysia) Sdn Bhd	• Import, distribution and marketing of toilet requisites and household products	
	• Konsortium LTAT SBG Charterbridge Sdn Bhd(1)	• To carry on business and to act as merchants, general traders, commission agents, carriers, or in any other capacity in Malaysia or elsewhere, import, export, buy, sell, barter, exchange, pledge, make advances upon, or otherwise deal in goods, produce, articles and merchandise	
	• LTAT	• To provide retirement and other benefits to members of the other ranks in the armed forces (compulsory contributors) and to enable officers and mobilised members of the volunteer forces in the service to participate in a saving scheme	
	• MHS Aviation Berhad	• Provision of air transportation, flight support, engineering and technical services	
	• Pharmaniaga Berhad	• Investment holding, principally involved in manufacturing of generic pharmaceuticals, logistics and distribution, sales and marketing, supply of medical products and services and hospital equipping	
	• Power Cables Malaysia Sdn Bhd	• Manufacture, sale and installation of power cables and the manufacture of aluminium rods	
	• The University of Nottingham in Malaysia Sdn Bhd	• Operation of a university	
	• UAC Berhad	• Manufacture and distribution of fibre cement building products and property holding	
	• Yayasan Kepimpinan & Strategi Malaysia	• Government fund management	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin *(Cont'd)*	*Present directorships (Cont'd)*: • Yayasan Rakyat 1Malaysia	• To receive donations and provide assistance in the areas of education, sports, culture and others for the benefit of Malaysia and Malaysian residents to give assistance in any socio economic project, social initiative and/or any other act or thing in any form for the purposes of eradicating poverty and improving the standard of living of Malaysian and to support and/or finance educational institutions and educational programmes and initiatives in Malaysia including to grant scholarships and provide financial and non-financial aids	
	Previous directorships: • Boustead REIT Managers Sdn Bhd *(resigned on 28 February 2014)*	• Manager of the BREIT	
	• Idaman Pharma Manufacturing Sdn Bhd *(resigned on 2 April 2012)*	• Manufacture of pharmaceutical products	
	• Perimekar Sdn Bhd *(resigned on 1 July 2010)*	• Marketing, supply, providing upgrades, maintenance and all other services related thereto of submarines and surface vessels and investment	
	• AFFIN Capital Sdn Bhd[(2)] *(resigned on 15 January 2010)*	• Investment holdings, principally involved in offering and other financial services through its subsidiaries	
	• Boustead Shipping Agencies Sdn Bhd *(resigned on 18 November 2009)*	• Agent for local and overseas shipping principals and providing warehousing, sea and air freight forwarding services	
Datuk Zakaria bin Sharif	*Present directorships:* • Badan Pengawas Pemegang Saham Minoriti Berhad	• To promote corporate governance in companies through shareholder activism acting in the interest of the minority shareholders as an integral part to the development of the capital market	• Deputy Chief Executive of LTAT
	• Chery Automobile (Malaysia) Sdn Bhd	• Sale and distribution of vehicles and provision of relevant vehicle maintenance	
	• Chery Holdings (Malaysia) Sdn Bhd	• Investment holding in the automobile business	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Datuk Zakaria bin Sharif *(Cont'd)*	*Present directorships (Cont'd)*: • Chery International (Malaysia) Sdn Bhd	• Assembly and sale of motor vehicles	
	• I & P Kota Bayuemas Sdn Bhd	• Property development	
	• Jendela Hikmat Sdn Bhd	• Property development	
	• Labuan Reinsurance (L) Ltd	• Reinsurance and underwriting of all classes of general retakaful business	
	• Perbadanan Perwira Harta Malaysia	• Construction, property development and property management	
	• Perumahan Kinrara Berhad	• Property development	
	• Yayasan Veteran ATM	• A foundation established to develop welfare programs conducted by the Department of Veterans Affairs through financial resources from public donations, including the corporate sector and the foundation's investments	
	Previous directorships: • Pembinaan Perwira Harta Sdn Bhd *(resigned on 8 September 2011)*	• Property management and development	
	• Usahasama PPHM - Juwana Sdn Bhd *(resigned on 8 May 2011)*	• Construction business and civil engineering work	
	• Cekap Mudah Sdn Bhd *(dissolved on 21 June 2012)*	• Property construction	
	• Boustead Infra Construction Sdn Bhd *(dissolved on 17 July 2012)*	• Dormant	
Dato' Mohzani bin Datuk Dr. Abdul Wahab	*Present directorships*: • Bay Option Sdn Bhd	• Consultancy services and trading and promoting mineral water	• Chairman of TH-Alam Management (M) Sdn Bhd, TH-Alam Holdings (L) Inc. and TH Marine Sdn Bhd
	• Celcom Axiata Bhd	• Provision of telecommunication network capacity, infrastructure and services	
	• Dazani Enterprise Sdn Bhd	• Investment holding and property investment	
	• Hong Leong Investment Bank Berhad	• Investment banking, stockbroking business, futures broking and related financial services	• Member of the investment panel of Lembaga Tabung Haji

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Mohzani bin Datuk Dr. Abdul Wahab *(Cont'd)*	*Present directorships (Cont'd)*: • MOG Eyewear Boutique Sdn Bhd	*Present directorships (Cont'd)*: • Retail sale of spectacles and other optical goods	
	• Pavilion REIT Management Sdn Bhd	• To manage and administer Pavilion REIT activities	
	• TH-Alam Management (M) Sdn Bhd	• Ship management and consultancy	
	• TH-Alam Holdings (L) Inc	• Investment holdings and principally involved in ship operating and chartering	
	• TH Marine Sdn Bhd	• Marine services	
	Previous directorships: • Terragali Resources Berhad (*resigned on 24 September 2013*)	• Investment holdings, and principally involved in mining	
	• TH Heavy Engineering Berhad (*resigned on 18 October 2012*)	• Investment holding and provision of management services	
	• Promilia Bhd *(resigned on 29 September 2012)*	• Dormant	
	• Promitol Sdn Bhd *(resigned on 1 November 2011)*	• Dormant	
	• Promino Sdn Bhd *(resigned on 1 July 2011)*	• Dormant	
	• Sphinx Capital Sdn Bhd *(dissolved on 27 May 2011)*	• Dormant	
	• Firstmay (M) Sdn Bhd *(resigned on 28 October 2010)*	• Dealing in all kinds of machinery and other related products	
	• Supreme Suria Sdn Bhd *(resigned on 8 March 2010)*	• Dormant	
	• Petroleum Industry of Malaysia Mutual Aid Group (*resigned on 1 March 2010*)	• Enhance protection of the environment through pooled resources to respond to oil spill contingencies	
	• Pertini Vista Sdn Bhd (*resigned on 31 December 2009*)	• Property investment holding – purchase, sale, let, sublet etc.	
	• Provista Ventures Sdn Bhd (*resigned on* 31 December 2009)	• Property investment holding	

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Mohzani bin Datuk Dr. Abdul Wahab *(Cont'd)*	*Previous directorships (Cont'd)*:		
	• PS Pipeline Sdn Bhd *(resigned on 31 December 2009)*	• To maintain and operate the Multi-Product Pipeline and Klang Valley Distribution Terminal (MPP-KVDT) and the associated facilities for the transportation of the petroleum products on behalf of the MPP-KVDT owners/shareholders	
	• PS Terminal Sdn Bhd *(resigned on 31 December 2009)*	• To operate, manage and maintain the joint facilities – terminal, depot, warehouse etc. in Tawau and Bintulu on behalf of the owners (Petronas Dagangan Berhad and Shell Timur Sdn Bhd)	
	• Superkad Services Sdn Bhd *(resigned on 31 December 2009)*	• Dormant	
	• Shell Gas (LPG) Malaysia East Sdn Bhd *(resigned on 31 December 2009)*	• Dormant	
	• Shell Gas (LPG) Malaysia West Sdn Bhd *(resigned on 31 December 2009)*	• Dormant	
	• Shell Malaysia Ltd *(resigned on 31 December 2009)*	• Hiring out of its tangible fixed assets and providing administrative services	
	• Shell Malaysia Trading Sdn Bhd (*resigned on* 31 December 2009)	• Blending of lubricating oils and marketing of petroleum products	
	• Shell New Ventures Malaysia Sdn Bhd *(resigned on 31 December 2009)*	• Investment holdings, principally involved in oil and gas	
	• Shell Refining Company (Fed of Malaya) Bhd *(resigned on 31 December 2009)*	• Refining and manufacturing of petroleum products, manufacturing lubricating oils to required specifications and filling of liquefied petroleum gas into cylinders	
	• Shell Timur Sdn Bhd *(resigned on 31 December 2009)*	• Marketing petroleum products and blending of lubricating oils	
	• Usaha Rawang Sdn Bhd *(resigned on 31 December 2009)*	• Dormant	
	• Bonuskad Loyalty Sdn Bhd *(resigned on 31 December 2009)*	• To carry on business of customer loyalty scheme as principal or agents on behalf of companies participating in such schemes	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Mohzani bin Datuk Dr. Abdul Wahab *(Cont'd)*	*Previous directorships (Cont'd)*: • Brunei Shell Marketing *(resigned on 11 December 2009)*	• Marketing of petroleum products	
Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P.	*Present directorships*: • Falcon Elegance Sdn Bhd	• Commercial trading	• Executive Chairman of Intake Eighteen Security Sdn Bhd
	• Intake Eighteen Security Sdn Bhd	• Investment holding and security services	
	• Kormal Aviation Sdn Bhd	• Dealing in security system	
	• Min-Ket Sdn Bhd	• Commercial trading	
	Previous directorships: • BREIT Managers *(resigned on 28 February 2014)*	• Manager of BREIT	
	• Akra Engineering Sdn Bhd *(resigned on 17 January 2013)*	• Manufacture of industrial steel structures, tanks and tanks farms, sketel trailers and tankers for haulage industries and other related maintenance and engineering services	
	• Yiwu Connect Sdn Bhd *(resigned on 30 November 2012)*	• Trading of household and consumable product	
	• DSME Waste Management Sdn Bhd *(resigned on 1 November 2010)*	• Engineering works	
Dr. Raja Abdul Malek bin Raja Jallaludin	*Present directorships*: • ABB Trustee Berhad	• Trustee services	• Director of Medical and Scientific Affairs of HOE Pharmaceu-ticals Sdn Bhd
	• StemLife Berhad	• Stem cell therapies and consultancy services; collection, testing, processing and cryo-preservation of umbilical cord blood stem cells; and harvesting, testing, processing and cryo-preservation of peripheral blood stem cells	
	• Hartamanis Holding Sdn Bhd	• Investment holding and principally involved in property	
	• Mediko Farmasi Sdn Bhd	• Pharmaceutical chemists, druggists and dispensing of medicines	
	• RAMJ Sdn Bhd	• Dormant	