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**UNITED PLANTATIONS BERHAD**

Company No. 240 - A  
(Incorporated in Malaysia)

**STATEMENT TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF  
AUTHORITY FOR THE PURCHASE BY UNITED PLANTATIONS BERHAD OF ITS  
OWN SHARES**

Last date and time for lodgement of Proxy Form	: 20 April 2017 at 10.00 a.m
Date and time of Annual General Meeting	: 22 April 2017 at 10.00 a.m.
Place of Annual General Meeting	: Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan

**This Circular is dated 27 February 2017**

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular (definitions denoting the singular number shall also include the plural number and vice versa and references to gender include both genders and the neuter where applicable):

“AGM”	Annual General Meeting
“Act”	Malaysian Companies Act, 2016 as amended from time to time and any re-enactment thereof
“Aberdeen”	Aberdeen Asset Management PLC (Company No. 82015), a company incorporated in Scotland, and its subsidiaries
“BHL”	Brothers Holding Limited ( Company No C56709), a company incorporated in Malta and the holding company of C & M HL
“Board” or “Directors”	Board of Directors of United Plantations Berhad
“Bursa Securities”	Bursa Malaysia Securities Berhad
“CED”	Chief Executive Director
“C & M HL”	C & M Holdings Limited (Company No.C58355) is a major shareholder of UIEL. Brothers Holding Limited (BHL) (Company No C56709) is a holding company of C& M HL. Both companies are incorporated in Malta
“EPF”	Employees Provident Fund Board
“EPS”	Earnings per share
“IPS”	International Plantations Services Limited (Company No. 1433B), a company incorporated in Bahamas, and a wholly-owned subsidiary of UIEL.
“Listing Requirements”	Main Market Listing Requirements of Bursa Securities
“Major Shareholder”	<p>Major shareholder means a person who has an interest or interests in one or more voting shares in a company or the aggregate of the number of those shares, is:-</p> <ul style="list-style-type: none"><li>(a) equal to or more than 10% of the aggregate of all the voting shares in the Company; or</li><li>(b) equal to or more than 5% of the aggregate of all the voting shares in the Company where such person is the largest shareholder of the Company.</li></ul> <p>For the purposes of this definition, “interest in shares” shall have the meaning given in Section 8 of the Companies Act 2016. The major shareholder shall also include any person who is and was within the preceding 6 months of the date on which the terms of transaction were agreed upon, a major shareholder of the Company or any other company which is its subsidiary or holding company.</p>

## **DEFINITIONS (continued)**

“MVSB”	Maximum Vista Sdn. Bhd. (Company No. 416194-H), a company incorporated in Malaysia and a wholly-owned subsidiary of UIEL.
“Net Asset” or “NA”	Net Assets
“Perbadanan”	Perbadanan Pembangunan Pertanian Negeri Perak
“Proposed Share Buy-Back”	Proposed Renewal of Shareholders’ Mandate for the purchase by UP of its own shares of up to ten per centum (10%) of its issued share capital.
“Related Party(ies)”	A Director, CED, Major Shareholder or person connected with such Director, CED or Major Shareholder. For the purpose of this definition, “Director”, “CED” and “Major Shareholder” shall have the meaning given in paragraph 10.02 of the Listing Requirements.
“RM” or “Sen”	Ringgit Malaysia and Sen respectively
“Share(s) or UP Share(s)”	Ordinary share(s) in United Plantations Berhad
“UP” or “the Company”	United Plantations Berhad (Company No. 240-A)
“UP Group”	UP and its subsidiary companies
“UIEL”	United International Enterprises Limited (Company No. 1431B), a company incorporated in Bahamas.
“2016 Annual Report”	Annual Report of UP issued for the financial year ended 31 December 2016

**STATEMENT TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF  
AUTHORITY FOR THE PURCHASE BY UNITED PLANTATIONS BERHAD OF ITS  
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**UNITED PLANTATIONS BERHAD**

Company No : 240-A  
(Incorporated in Malaysia)

**Registered Office:**  
Jendarata Estate  
36009 Teluk Intan  
Perak Darul Ridzuan  
Malaysia

Date: 27 February 2017

**Directors:**

**Ybhg. Tan Sri Datuk Dr. Johari bin Mat**, Chairman  
(Independent, Non-Executive Director)

**Ybhg. Dato' Carl Bek-Nielsen**, Vice Chairman  
(Non-Independent, Chief Executive Director)

**Mr. Ho Dua Tiam**,  
(Non-Independent, Executive Director)

**Mr. Ahmad Riza Basir**  
(Independent, Non-Executive Director)

**Y. Hormat Dato' Jeremy Derek Campbell Diamond**  
(Independent, Non-Executive Director)

**Mr. Martin Bek-Nielsen**  
(Non-Independent, Executive Director)

**Ybhg. Dato' Mohamad Nasir bin Ab. Latif**  
(Non-Independent, Non-Executive Director)

**Mr. Loh Hang Pai**  
(Non-Independent, Executive Director)

**Mr. R. Nadarajan**  
(Independent, Non-Executive Director)

**To: The Shareholders of United Plantations Berhad**

Dear Sir/Madam

**PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY UP OF ITS OWN SHARES**

**1. INTRODUCTION**

On 10 February 2017, the Directors announced that UP is proposing to seek its shareholders approval at the forthcoming AGM for the renewal of the authority for the purchase by UP of its own shares up to ten percent (10%) of the issued share capital of the Company on the market of Bursa Securities.

The purpose of this Statement is to provide you with relevant information on the Proposed Share Buy-Back Mandate and to seek your approval for the relevant resolution to be tabled at the forthcoming AGM to be convened, the details of which are given in the Notice of AGM in the Annual Report 2016 which is sent out together with this Statement.

## 2. PROPOSED SHARE BUY-BACK

At the AGM held on 23 April 2016, UP's shareholders had granted their approval for UP to purchase up to ten percent (10%) of the issued share capital of UP on Bursa Securities. In compliance with the Listing Requirements and the resolution passed by shareholders on 23 April 2016, the authority granted to UP to purchase its own shares on Bursa Securities will expire at the conclusion of UP's forthcoming AGM to be held on 22 April 2017 unless renewed by an ordinary resolution passed by the shareholders.

The Directors propose to seek the approval of the shareholders for the renewal of the abovementioned authority. If approved by shareholders at the forthcoming AGM, the authority conferred by the Proposed Share Buy-Back mandate will continue in force until the next AGM of the Company (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM).

### 2.1 The Maximum Number or Percentage of Shares to be Acquired

The total number of shares which may be purchased or acquired by the Company is limited to 10% of the issued share capital. For illustration purpose, the maximum number of UP Shares that may be bought back under the Proposed Share Buy-Back mandate based on the existing issued share capital and the number of treasury shares held as 31 January 2017 are as follows:

	No. of Shares
Issued share capital	208,134,266
Shares allowed to be purchased under the Proposed Share Buy-Back (10%)	20,813,426
Less: Shares Purchased and held as treasury shares	<u>341,774</u>
No of shares that may be further bought back	<u>20,471,652</u>

### 2.2 The Amount of Retained Profits

The Board proposes to allocate a maximum amount not exceeding the audited retained profits of UP for the purchase of its own shares.

The retained profits based on the latest audited financial statements of the Company for the financial year ended 31 December 2016 was RM1,580,693,000.

The purchase of the Company's own shares will be sourced wholly from internally generated funds of the Company.

### 2.3 Share Prices

The following table sets out the monthly highest and lowest transacted prices of the Company's shares on the Bursa Securities for the past twelve (12) months from February 2016 to January 2017.

Period	High (RM)	Low (RM)
<i>2016</i>		
February	25.90	24.70
March	26.96	25.60
April	26.92	26.10
May	27.90	26.00
June	27.20	26.24
July	27.06	26.42
August	27.72	26.54
September	27.98	27.30
October	28.38	27.50
November	28.44	26.46
December	27.80	26.20
<i>2017</i>		
January	27.50	26.54

The last transacted price per share of the Company on 31 January 2017, being the last practicable date prior to the printing of this Statement, was RM26.84.

### 2.4 Pricing

UP shall purchase its own shares or resell its treasury shares (if applicable) only on the market of the Bursa Securities. The price for the purchase shall not be more than 15% above the weighted average market price of UP shares for the five (5) market days immediately preceding the date of purchase. The price for the resale of treasury shares shall:-

- (a) not be less than the weighted average market price for UP shares for five (5) market days immediately prior to the resale; or
- (b) not be less than 5% below the weighted average market price for UP shares for five (5) market days immediately prior to the resale provided that:-
  - (i) the resale takes place no earlier than 30 days from the date of the purchase; and
  - (ii) the resale price is not less than the cost of purchase of the shares being resold.



## **2.5 Treatment of Shares Purchased**

In accordance with the Act, the Directors will deal with the UP Shares that may be purchased pursuant to the Proposed Share Buy-Back (hereinafter known as “Purchased UP Shares”) in the following manner:-

- (a) to cancel upon purchase; or
- (b) to retain as treasury shares either for distribution as share dividends and/or to resell on Bursa Securities; or
- (c) to combine both (a) and (b).

The Board of Directors of UP intends to retain the purchased shares as treasury shares, or cancel the purchased shares or to combine both.

The Board of Directors may decide to cancel the Purchased UP Shares if the cancellation of the shares is expected to enhance the EPS of UP as a result of the reduction in issued share capital of the Company and thereby in the long term, have a positive impact on the market price of the UP Shares.

If the Board of Directors decides to retain the Purchased UP Shares as treasury shares, it may distribute the treasury shares as dividend to the shareholders and/or resell the Purchased UP Shares on Bursa Securities and utilize the proceeds for any feasible investment opportunity arising in the future, or as working capital.

In the event that the Company decides to resell the Company’s treasury shares, the Company will make an announcement on the day the resale is made providing details of the description of the shares resold, the number of shares resold, the resale price of each share resold or, where relevant, the highest and lowest resale prices and the total consideration received.

In the event that UP decides to cancel the Company’s treasury shares, UP will make an announcement on the day the cancellation is made providing details of the number of treasury shares cancelled, the date of the cancellation and the outstanding paid-up share capital after the cancellation.

In the event that the Purchased UP Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distributions and otherwise are suspended and the Purchased UP Shares shall not be taken into account in calculating the number or percentage or of a class of shares in UP for any purpose including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of votes on resolutions at a meeting.

## **2.6 The Public Shareholding Spread of the Listed Company**

As at 31 January 2017 (being the last practicable date prior to printing of this Statement), the public shareholding spread of the Company was 37.14%. Assuming that the Proposed Share Buy-Back was carried out in full and the shares so purchased were all cancelled, the public shareholding of the Company would be 30.27% on the basis that the shares held by the Directors of the UP Group, Major Shareholders of the Company and persons connected with them remain unchanged.

## **2.7 The Rationale and Risk Assessment**

The Proposed Share Buy-Back if exercised, is expected to potentially benefit the Company and its shareholders as follows:

- The Company would expect to enhance the EPS of the Company and/or the Group (in the case where the Directors resolve to cancel the Purchased UP Shares so purchased and/or retain the Purchased UP Shares as treasury shares and the treasury shares are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- If the Purchased UP Shares are kept as treasury shares, it will give the Directors an option to sell the Purchased UP Shares at a higher price and therefore make an exceptional gain for the Company. Alternatively, the Purchased UP Shares can be distributed as share dividends to shareholders; and
- The Company may be able to stabilize the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders as it will be exercised only after in-depth consideration of the financial resources of the Group.

## **2.8 Purchase and Resale and /or Cancellation Made in the previous 12 months**

There has been no purchase, resale and/ or cancellation of the treasury shares by the Company in the preceding 12 months. As at 31 January 2017, there were a total of 341,774 shares being held as treasury shares.

## **3. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK**

Based on the assumption that the Proposed Share Buy-Back is carried out in full, the effect of the Proposed Share Buy-Back on the share capital, dividend, NA, EPS and working capital of UP are as set out below:

### **3.1 Share Capital**

The Proposed Share Buy-Back will not have any effect on the issued share capital of the Company if all the shares purchased are retained as treasury Shares.

The effect of the Proposed Share Buy-Back on the issued share capital of the Company assuming UP buys and subsequently cancels up to 10% of the ordinary shares in issue as at 31 January 2017 is as follows:

	<b>No. of ordinary shares</b>
Existing issued share capital as at 31 January 2017	208,134,266
Less: Number of UP Shares to be cancelled pursuant to Proposed Share Buy-Back of up to 10% of the existing issued share capital.	20,813,426
Share capital after cancellation of Shares bought back	187,320,840

### **3.2 Dividends**

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of UP as a result of the reduction in the issued and paid-up share capital of UP as described under Section 3.1 above.

### **3.3 NA per Share and EPS**

The NA per share of the Company and the Group may be increased or decreased, depending on the purchase prices of the shares to be bought back by the Company. Should the purchase prices exceed the existing NA per share, the NA of the remaining shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NA per share, the resultant NA per share should increase accordingly. The effective reduction in the issued share capital of the Company pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company and/or the Group. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company and/or the Group for the financial year ending 31 December 2017.

### **3.4 Working Capital**

Although the Proposed Share Buy-Back will reduce the working capital of the Company to the extent of the amount of funds utilized for the purchase of the Company's shares, it is not expected to have a material effect on the working capital requirements of the Company.

## **4. CONDITION OF THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back is subject to the approval of the shareholders of UP at the forthcoming AGM.

## **5. PROPOSED WAIVER**

The Malaysian Code on Takeover and Mergers 2016 (“the Code”) requires a person, together with persons acting in concert with him, holding more than 33% but less than 50% of the voting shares of a company and who as a result of a purchase by the Company of its own voting shares, increases his holding in any period of 6 months by an additional 2% or more of the voting shares of the Company to undertake a mandatory offer on the balance of the shares not already owned.

Dato’ Carl Bek-Nielsen and Mr. Martin Bek-Nielsen are directors and major shareholders of UP and together with the other major shareholders, namely MVSB, UIEL, C & M HL and BHL being persons acting in concert have direct and indirect equity interest in excess of 33% but less than 50% of the voting shares in the Company. Details of their interests are indicated in item 7.

The Proposed Share Buy-Back, if fully exercised, will require the abovenamed Directors and major shareholders to undertake a mandatory offer for the balance of the shares in the Company not already owned. The Directors shall take all necessary steps to ensure that the Proposed Share Buy-Back when implemented will not result in the shareholdings of the abovenamed Directors and major shareholders exceeding the 2% limit within a period of 6 months as provided under the Code.

Should such circumstances arise and if required, the abovenamed Directors and major shareholders will seek the Securities Commission’s approval for a waiver from the obligation to undertake a Mandatory General Offer under the Practice Note of the Code, which is in respect of exemption for holders of voting shares, directors and persons acting in concert when a company purchases its own voting shares.

In the event the Waiver is not granted, the Company will only proceed with the Proposed Share Buy-Back to the extent that it will not contravene the limit as provided under the Code.

## **6. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS**

None of the Directors, Substantial Shareholders and persons connected with the Directors and Substantial Shareholders has any interest, whether direct or indirect, in the Proposed Share Buy-Back and if any, the resale of treasury Shares.

## 7. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Arising from the cancellation of the Company's shares consequent to the Proposed Share Buy-Back as set out above, the effect before and after the Proposed Share Buy-Back on the Shareholdings of the Directors and the Substantial Shareholders and persons connected with them based on the Register of Directors and the Register of Substantial Shareholders respectively as at 31 January 2017 will for the purpose of illustration only be as follows:

-----No. of ordinary shares held-----  
 <-----Before the Proposed Share Buy-Back -----> <----- After the Proposed Share Buy-Back ----->  
 assuming 10% of the share capital was  
 bought back and cancelled

Directors	No. of ordinary shares held		No. of ordinary shares held		No. of ordinary shares held		No. of ordinary shares held	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Sri Datuk Dr.Johari bin Mat	90,000	0.04	10,000 <sup>(4)</sup>	0.00	90,000	0.05	10,000 <sup>(4)</sup>	0.01
Ho DuaTiam	707,400	0.34	-	-	707,400	0.38	-	-
Dato' Carl Bek-Nielsen	2,242,491	1.08	98,401,335 <sup>(1)</sup>	47.36	2,242,491	1.20	98,401,335 <sup>(1)</sup>	52.53
Ahmad Riza Basir	70,500	0.03	-	-	70,500	0.04	-	-
Dato'Jeremy Derek Campbell Diamond	14,000	0.01	258,000 <sup>(4)</sup>	0.12	14,000	0.01	258,000 <sup>(4)</sup>	0.14
Martin Bek-Nielsen	552,389	0.27	98,359,277 <sup>(1)</sup>	47.34	552,389	0.29	98,359,277 <sup>(1)</sup>	52.51
Dato'Mohamad Nasir bin Ab.Latif	-	-	-	-	-	-	-	-
Loh Hang Pai	23,000	0.01	-	-	23,000	0.01	-	-
R.Nadarajan	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>
MVSB	89,607,800	43.12	-	-	89,607,800	47.84	-	-
UIEL	8,748,477	4.21	89,607,800 <sup>(3)</sup>	43.12	8,748,477	4.67	89,607,800 <sup>(3)</sup>	47.84
C & M Holding Limited	-	-	98,356,277 <sup>(2)</sup>	47.33	-	-	98,356,277 <sup>(2)</sup>	52.51
Brother's Holding Ltd	-	-	98,356,277 <sup>(2)</sup>	47.33	-	-	98,356,277 <sup>(2)</sup>	52.51
EPF	30,605,148	14.73	-	-	30,605,148	16.34	-	-
Perbadanan	13,065,158	6.29	330,000 <sup>(5)</sup>	0.16	13,065,158	6.97	330,000 <sup>(5)</sup>	0.18
Dato' Carl Bek-Nielsen	2,242,491	1.08	98,401,335 <sup>(1)</sup>	47.36	2,242,491	1.20	98,401,335 <sup>(1)</sup>	52.53
Martin Bek-Nielsen	552,389	0.27	98,359,277 <sup>(1)</sup>	47.34	552,389	0.29	98,359,277 <sup>(1)</sup>	52.51
Aberdeen	-	-	15,614,400 <sup>(6)</sup>	7.51	-	-	15,614,400 <sup>(6)</sup>	8.34

(1) Deemed interested in the shareholdings in UP registered in the name of MVSB, UIEL, C & M HL, BHL and immediate family members.

(2) Deemed interested in the shareholdings in UP registered in the name of MVSB and UIEL.

(3) Deemed interested in the shareholdings in UP registered in the name of MVSB.

(4) Deemed interested through family members.

(5) Deemed interested through subsidiary company of Perbadanan.

(6) Deemed interested through its shareholdings in Aberdeen, a fund management group.

## **8. DIRECTORS' RECOMMENDATION**

Your Board of Directors having considered all aspects of the Proposed Share Buy-Back is of the opinion that the said Proposed Share Buy-Back is in the best interest of the Company and therefore recommends that you vote in favour of the Ordinary Resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

## **9. ANNUAL GENERAL MEETING**

The Ordinary Resolution relating to the Proposed Share Buy-Back to be voted thereon has been incorporated in the Notice of AGM in UP's 2016 Annual Report. The AGM will be held at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia on 22 April 2017 at 10.00 a.m.

If you are unable to attend and vote in person at the AGM, you should complete and return the Form of Proxy to the Registered Office of the Company at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM. The completion and lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **10. FURTHER INFORMATION**

Shareholders are advised to refer to the attached Appendix I for additional information.

Yours faithfully

**For and on behalf of the Board of Directors of  
UNITED PLANTATIONS BERHAD**

***TAN SRI DATUK DR. JOHARI BIN MAT***  
***Chairman***  
***Independent, Non-Executive Director***

**1. RESPONSIBILITY STATEMENT**

This Circular has been reviewed and approved by the Directors of UP, and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which could make any statement herein false or misleading.

**2. MATERIAL CONTRACTS**

Neither UP nor its subsidiaries have entered into any material contracts during the two (2) years preceding the date of this Circular other than contracts entered into in the ordinary course of business.

**3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

Neither UP nor any of its subsidiaries is engaged in any material litigation, claims and arbitration either as plaintiff or defendant and the Directors of UP do not have any knowledge of any proceedings pending or threatened against UP nor its subsidiaries or of any other facts likely to give rise to any proceedings which may materially affect the position or business of UP and its subsidiaries.

**4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of UP during normal business hours from Mondays to Fridays (except public holidays) for a period from the date of this Circular to the date of the forthcoming AGM:-

- (i) Memorandum and Articles of Association of UP; and
- (ii) Audited consolidated financial statements of UP for the two financial years ended 31 December 2015 and 31 December 2016.