

UNITED PLANTATIONS BERHAD (“UP” OR THE “COMPANY”)

PROPOSED BONUS ISSUE OF 208,134,266 NEW ORDINARY SHARES IN UP (“UP SHARES”) (“BONUS SHARES”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING UP SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE”)

1. INTRODUCTION

On behalf of the Board of Directors of UP (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that the Company proposes to undertake a bonus issue of 208,134,266 Bonus Shares on the basis of 1 Bonus Share for every 1 existing UP Share held on an entitlement date to be determined and announced later by the Board (“**Entitlement Date**”).

2. DETAILS OF THE PROPOSED BONUS ISSUE

As at 20 February 2020, being the latest practicable date prior to the date of this announcement (“**LPD**”), the issued share capital of UP is RM390,054,685 comprising 208,134,266 UP Shares (including 741,774 UP Shares held as treasury shares by the Company (“**Treasury Shares**”). For the avoidance of doubt, all Treasury Shares will be entitled to the Bonus Shares and such Bonus Shares will be treated as treasury shares to be held by the Company upon allotment and issuance.

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of 208,134,266 Bonus Shares on the basis of 1 Bonus Share for every 1 existing UP Share held by the shareholders of UP whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date. Upon completion of the Proposed Bonus Issue, the enlarged issued share capital of UP will be RM390,054,685 comprising 416,268,532 UP Shares (including 1,483,548 Treasury Shares).

The aforesaid basis of 1 Bonus Share for every 1 existing UP Share was arrived at after taking into consideration the potential enhancement to the trading liquidity of UP Shares traded in the market given the adjustment to the share price as well as the increase in the number of UP Shares pursuant to the Proposed Bonus Issue.

The Proposed Bonus Issue will not be implemented in stages over a period of time.

The share price of UP Shares will be adjusted pursuant to the Proposed Bonus Issue. Pursuant to Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), the share price adjusted for the Proposed Bonus Issue shall not be less than RM0.50 based on the daily volume weighted average market price (“**VWAP**”) of UP Shares during the past 3-month period before the application date.

For illustrative purposes only, based on the 5-day VWAP and the lowest of 3-month daily VWAP of UP Shares up to the LPD, the theoretical ex-bonus share price of UP Shares is as follows:-

	Before the Proposed Bonus Issue	After the Proposed Bonus Issue
	Market price	Theoretical ex-bonus share price
5-day VWAP up to the LPD	RM26.3711	RM13.1856
Lowest of 3-month daily VWAP up to the LPD	RM25.6337	RM12.8169

Based on the above, the Proposed Bonus Issue is in compliance with Paragraph 6.30(1A) of the Listing Requirements.

2.2 No capitalisation of reserves

Pursuant to the Companies Act 2016, a bonus issue of shares which does not result in a corresponding increase to the issued share capital amount can be undertaken without capitalisation of retained earnings or other reserves. As such, the Board has resolved that the Bonus Shares shall be issued as fully paid shares at no consideration and without capitalisation of the Company's reserves.

The Proposed Bonus Issue will increase the number of UP Shares in issue but will not increase the amount of the issued share capital of UP.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing UP Shares. However, the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution ("**Distribution**") where the entitlement date of such Distribution precedes the date of allotment and issuance of the Bonus Shares.

2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED BONUS ISSUE

The Board intends to undertake the Proposed Bonus Issue to reward the existing shareholders of the Company in the form of Bonus Shares for their loyalty and continuing support as the Proposed Bonus Issue serves to increase the number of UP Shares held by the Company's shareholders with no cash outlay by the shareholders, while maintaining their percentage of equity shareholding held in the Company.

In addition, the Proposed Bonus Issue may:-

- (i) potentially result in an improved trading liquidity of UP Shares traded in the market at an affordable share price without affecting the size of the market capitalisation of the Company; and
- (ii) encourage greater participation by investors as well as potentially broadening the shareholder base of the Company.

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4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

The pro forma effects of the Proposed Bonus Issue on the issued share capital of UP are set out below:-

	No. of UP Shares (‘000)	RM’000
Issued share capital as at the LPD	208,134 ⁽¹⁾	390,054
Bonus Shares to be issued	208,134	-
Enlarged issued share capital after the Proposed Bonus Issue	416,268⁽²⁾	390,054

Notes:-

(1) Including 741,774 Treasury Shares as at the LPD.

(2) Including 1,483,548 Treasury Shares after the Proposed Bonus Issue.

4.2 Net assets (“NA”) per UP Share and gearing

Based on the latest audited consolidated financial statements of UP for the financial year ended 31 December 2019, the pro forma effects of the Proposed Bonus Issue on the NA per UP Share and gearing of UP and its subsidiary companies (“UP Group”) are set out below:-

	(Audited) As at 31 December 2019 (RM’000)	(I) After the Proposed Bonus Issue (RM’000)
Share capital	390,054	390,054
Treasury shares	(18,668)	(18,668)
Reserves	2,173,202	2,172,832 ⁽¹⁾
Shareholders’ equity/ NA	2,544,588	2,544,218
No. of UP Shares in issue (‘000)	207,392 ⁽²⁾	414,785 ⁽³⁾
NA per UP Share (RM)	12.27	6.13
Total borrowings (RM’000)	100	100
Gearing (times)	Neg.	Neg.

Notes:-

Neg. Negligible

(1) After deducting the estimated expenses of RM370,000 for the Proposed Bonus Issue.

(2) Excluding 741,774 Treasury Shares as at the LPD.

(3) Excluding 1,483,548 Treasury Shares after the Proposed Bonus Issue.

4.3 Earnings and earnings per UP Share (“EPS”)

The Proposed Bonus Issue is not expected to have any material effect on the earnings of UP Group for the financial year ending 31 December 2020. Notwithstanding that, UP Group’s EPS will be proportionately diluted due to the increase in the number of UP Shares in issue upon completion of the Proposed Bonus Issue.

4.4 Substantial shareholders’ shareholdings

The Proposed Bonus Issue will not have any effect on the shareholding percentage of the Company’s substantial shareholders as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of the Company. However, there will be a proportionate increase in the number of UP Shares held by each substantial shareholder. The pro forma effects of the Proposed Bonus Issue on the substantial shareholders’ shareholdings of the Company are set out below:-

Name	As at the LPD*			
	Direct No. of UP Shares	% ⁽¹⁾	Indirect No. of UP Shares	% ⁽¹⁾
Maximum Vista Sdn Bhd (“MVSB”)	90,607,800	43.69	-	-
Employees Provident Fund Board	26,562,548	12.81	-	-
Perbadanan Pembangunan Pertanian Negeri Perak (“PPNP”)	13,065,158	6.30	330,000 ⁽⁶⁾	0.16
United International Enterprises Limited (“UIEL”)	9,718,571	4.69	90,607,800 ⁽³⁾	43.69
C & M Holding Limited	-	-	100,326,371 ⁽⁴⁾	48.38
Brothers Holding Ltd	-	-	100,326,371 ⁽⁴⁾	48.38
Dato’ Carl Bek-Nielsen	2,529,491	1.22	100,371,429 ⁽⁵⁾	48.40
Martin Bek-Nielsen	710,389	0.34	100,336,371 ⁽⁵⁾	48.38

Name	(I) After the Proposed Bonus Issue			
	Direct No. of UP Shares	% ⁽²⁾	Indirect No. of UP Shares	% ⁽²⁾
MVSB	181,215,600	43.69	-	-
Employees Provident Fund Board	53,125,096	12.81	-	-
PPNP	26,130,316	6.30	660,000 ⁽⁶⁾	0.16
UIEL	19,437,142	4.69	181,215,600 ⁽³⁾	43.69
C & M Holding Limited	-	-	200,652,742 ⁽⁴⁾	48.38
Brothers Holding Ltd	-	-	200,652,742 ⁽⁴⁾	48.38
Dato’ Carl Bek-Nielsen	5,058,982	1.22	200,742,858 ⁽⁵⁾	48.40
Martin Bek-Nielsen	1,420,778	0.34	200,672,742 ⁽⁵⁾	48.38

Notes:-

* Based on the Company’s Record of Depositors as at the LPD.

(1) Excluding 741,774 Treasury Shares as at the LPD.

(2) Excluding 1,483,548 Treasury Shares after the Proposed Bonus Issue.

(3) Deemed interest by virtue of substantial shareholdings in MVSB.

(4) Deemed interest by virtue of substantial shareholdings in MVSB and UIEL.

(5) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and through immediate family members.

(6) Deemed interest by virtue of shares held by subsidiary company of PPNP.

4.5 Convertible securities

As at the LPD, UP does not have any convertible securities.

5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the following approvals:-

- (i) Bursa Securities, for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities; and
- (ii) the shareholders of UP for the Proposed Bonus Issue to be tabled at an extraordinary general meeting to be convened.

The Proposed Bonus Issue is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company and/or persons connected with them (as defined in the Listing Requirements) have any interest, either direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue, which are also available to all other shareholders of the Company.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects including the rationale and justifications as well as the effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interests of the Company.

8. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue is expected to be completed in the 2nd quarter of 2020.

9. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities in respect of the Proposed Bonus Issue is expected to be submitted within 1 month from the date of this announcement.

10. ADVISER

AmInvestment Bank has been appointed as the Principal Adviser for the Proposed Bonus Issue.

This announcement is dated 24 February 2020.