



General Announcement

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Company Information

Main Market Company

New Announcement

Submitting Investment Bank/Advisor (if applicable)

Submitting Secretarial Firm (if applicable)

* Company name KUALA LUMPUR KEPONG BERHAD

* Stock name KLK

* Stock code 2445

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Type * Announcement

Subject *: TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

NON RELATED PARTY TRANSACTIONS

Description *:-

(Note : Please enter the announcement description in this field and the announcement details in the Announcement Details/Table Section or attach the full announcement details as an attachment)

KUALA LUMPUR KEPONG BERHAD ("KLK" OR "THE COMPANY")

PROPOSED ACQUISITION OF SHARES IN LIBERIAN PALM DEVELOPMENTS LTD ("LPD") AND EQUATORIAL PALM OIL PLC ("EPO")

Announcement Details/Table Section :-

(This field is for the details of the announcement, if applicable)

Please refer to the attachment for announcement details.

Attachment(s):- (please attach the attachments here)

[Proposed Acquisition of Shares in LPD and EPO.pdf](#)

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KUALA LUMPUR KEPONG BERHAD

(15043-V)
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KUALA LUMPUR KEPONG BERHAD (“KLK” OR “THE COMPANY”) PROPOSED ACQUISITION OF SHARES IN LIBERIAN PALM DEVELOPMENTS LTD (“LPD”) AND EQUATORIAL PALM OIL PLC (“EPO”)

We refer to our earlier announcements made on 18 and 22 October 2013, relating to various statements made to the Alternative Investment Market of the London Stock Exchange in connection with EPO.

KLK is pleased to inform that it had on 7 November 2013 entered into an Agreement with Biopalm Energy Limited (“BEL”), a Singapore incorporated company, for the sale and purchase of the following:

- i. a 50.0% equity interest in LPD equivalent to 500 ordinary shares of USD1 each;
- ii. a 20.1% equity interest in EPO equivalent to 40,260,991 ordinary shares of GBP1 pence each;
- iii. the assignment of BEL’s loans to LPD totaling USD608,000.

(hereinafter referred to as “the Proposed Acquisition”).

Background of LPD and EPO

LPD is a company incorporated in Mauritius and its only other shareholder holding the balance 50.0% equity interest therein is EPO. LPD is engaged in the oil palm plantations business in Liberia, West Africa, through its subsidiaries. LPD’s subsidiaries hold 2 (two) 50-year concessions (with approximately 45 years remaining) awarded by the Government of Liberia to rehabilitate and develop oil palm plantations in Liberia totaling approximately 25,547 ha, of which 3,750 ha have been planted to-date. A further 61,111 ha is earmarked for future joint expansion with the local community under a proposed training and Out-grower programme. The expansion of the plantations will be subject, amongst others, to the ability of LPD to obtain financing from local Liberian financial institutions.

EPO is a company listed on the Alternative Investment Market of the London Stock Exchange, and is engaged in the business of oil palm plantations in Liberia via its 50.0% equity interest in LPD.

Details of the Proposed Acquisition

(i) Purchase Consideration

KLK will be paying a total cash purchase consideration of **USD21,258,000** in relation to the Proposed Acquisition, with the breakdown as follows:

	Item	USD
i.	50.0% equity interest in LPD equivalent to 500 ordinary shares	17,429,120
ii.	20.1% equity interest in EPO equivalent to 40,260,991 ordinary shares (at an USD/GBP exchange rate of 1.60, this equates to 5 pence per EPO share)	3,220,880
iii.	assignment of BEL’s loans to LPD totaling USD608,000	608,000
	Total	21,258,000

The Proposed Acquisition will be financed by KLK's internally generated funds.

(ii) Conditions Precedent

The Proposed Acquisition is subject to conditions precedent which include the corporate approvals of BEL and KLK, and the approvals of the relevant governmental/regulatory authorities of Liberia and Mauritius (if required). The Proposed Acquisition does not fall within the class of transactions which requires KLK's shareholders approval.

(iii) Estimated Date for Completion

We are targeting to complete the Proposed Acquisition within two (2) weeks from the date of the Agreement.

(iv) Effect of the Proposed Acquisition

The Proposed Acquisition will not have any effect on the share capital and shareholding of KLK's substantial shareholders. Further, the Proposed Acquisition will not have any material effect on the net assets, earnings and gearing of the KLK Group for the financial year ending 30 September 2014.

(v) Related Events

Upon the signing of the Agreement, KLK had also entered into the following agreements to provide funds for LPD's immediate working capital requirements in relation to the development of LPD's oil palm estates in Liberia ("Funding Arrangements"):

- (a) **Loan Agreement** between KLK and LPD for a loan of USD2,000,000 at the interest rate of USD Libor + 4% or 8% per annum (whichever higher) and for a 5-year tenure ("the KLK Loan");
- (b) **Deed of Assignment of Liabilities** between KLK and EPO, whereby EPO would assign to KLK, USD6,000,000 of outstanding loans due to EPO from LPD ("the Assigned Loan"), for a cash consideration of USD2,000,000.

The KLK Loan and up to USD2,000,000 of the Assigned Loan will rank first in priority of payment of the liabilities owed by LPD.

EPO would at the same time as KLK, also provide a loan of USD2,000,000 to LPD at the interest rate of USD Libor + 4% or 8% per annum (whichever higher) and for a 5-year tenure.

Rationale

The Proposed Acquisition is in line with KLK's strategy to expand its plantation landbank outside Malaysia and Indonesia, for geographical diversification into the West African region where there is a net deficit of edible oils. LPD's concession land is also agronomically suitable and located within 50 km of deepwater ports.

The many varied benefits that the Proposed Acquisition will bring to this former war-torn country include improvements in infrastructure, training & employment opportunities, education and public health & safety. As such, KLK believes that the Proposed Acquisition will result in a development which takes into account the interest of the local community.

Directors' and Major Shareholders' Interests

None of the Directors and/or Major Shareholders of KLK and/or any persons connected with them have any interest, direct or indirect, in the Proposed Acquisition and Funding Arrangements.

Directors' Opinion

After considering all aspects of the Proposed Acquisition and Funding Arrangements, the Directors are of the view that these proposed transactions are in the best interest of KLK.