



## DISPOSAL OF TH PLANTATIONS NON PERFORMING ASSETS

**KUALA LUMPUR, 6 December 2019** – TH Plantations Berhad (THP) had disposed its two non-performing companies, Bumi Suria Ventures Sdn Bhd and Maju Warisanmas Sdn Bhd (“the Companies”) to Tamaco Plantation Sdn Bhd for a total consideration of RM 170 million yesterday.

The Companies were acquired in 2013 at a high cost of RM 264.2 million. An independent valuation conducted in 2012, was based on a total plantable area of 5,700 hectares. However, an aerial survey in November 2018 had shown a lower actual plantable area of only 4,842 hectares out of a total area of 6,513.8 hectares. Based on lower actual plantable area, an independent valuer in 2018, valued the land at RM183.9 million or RM 11,425 per acre.

At the point of acquisition, THP had projected a very high production of Fresh Fruit Bunches (FFB). The actual FFB production achieved from Year 2014-2018 were very much lower by 68% as compared to the projection.

Year	Projection (mt)	Actual (mt)	% Achieved from Projection
2014	67,990	27,605	40.6%
2015	97,320	31,621	32.5%
2016	121,890	24,841	20.4%
2017	136,190	45,105	33.1%
2018	145,630	52,040	35.7%
<b>TOTAL</b>	<b>569,020</b>	<b>181,212</b>	<b>31.8%</b>

Due to poor performance of the Companies, THP had to continuously inject funds to support its operational needs.





TH PLANTATIONS BERHAD (12696 - M)

THP financial obligations had significantly increased due to acquisition of several companies. As at December 2018, THP's Group outstanding borrowings was RM 1.2 billion with trade and other payables at RM 202.7 million. THP incurred high losses of RM 658.4 million in 2018, mainly due to impairment of assets arising from high cost of investments in the past.

THP had been facing financial difficulties since 2014 due to the high cost of investments. In order to meet its financial obligations THP had disposed two of its subsidiaries namely TH Bakti Sdn Bhd in 2015 for RM 16.3 million, followed by THP Gemas Sdn. Bhd in 2016 for RM 154.1 million.

THP's financial position to date continue to deteriorate and it is imperative for THP to raise funds by selling its underperforming assets in order to meet its financial obligations and to manage its balance sheet.

The sale of the Companies is necessary to provide the much needed funds to prevent a much bigger losses if THP defaults on its financial obligations.

END

### **About TH Plantations Berhad**

THP is a subsidiary of TH, incorporated on the 28 August 1972 and listed on the main board of Bursa Malaysia Securities Berhad on 27 April 2006. Its principal activities are investment holding, cultivation of oil palm, processing of FFB, marketing of CPO, palm kernel and FFB.

The Group had approximately 101,000 hectares of land located in Pahang, Johor, Terengganu, Sabah, Sarawak and Kalimantan, Indonesia of which about 59,000 hectares have been planted with oil palm. To diversify its income stream in coming years, approximately 10,800 hectares of its land bank have been planted with rubber.

The Group also owns and operates six palm oil mills located in Johor, Pahang, Sabah and Sarawak with a total FFB processing capacity of 1,296,000 metric tonnes per annum.

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