RIMBUNAN SAWIT BERHAD (“RSB” OR “COMPANY”)  

(I) PROPOSED DISPOSAL OF ALL RIGHTS, TITLES AND INTERESTS IN RELATION TO THE SIMUNJAN ESTATE (AS DEFINED BELOW) VIA AN ABSOLUTE ASSIGNMENT, DEVELOPMENT COSTS, BIOLOGICAL ASSETS, COMMERCIAL RIGHTS AND ALL THE FIXTURES AND FITTINGS RELATING THERETO BY RSB TO TIASA MESRA SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF SUBUR TIASA HOLDINGS BERHAD, FOR A CASH CONSIDERATION OF RM150.0 MILLION (“PROPOSED DISPOSAL”);  

(II) PROPOSED ACQUISITION OF A PARCEL OF LAND TOGETHER WITH A PALM OIL MILL (INCLUDING WORKERS’ QUARTERS) ERECTED THEREON AND PLANTATION ASSETS (AS DEFINED BELOW) BY RSB LUNDU PALM OIL MILL SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF RSB, FROM R H LUNDU PALM OIL MILL SDN BHD, FOR A TOTAL CASH CONSIDERATION OF RM33.7 MILLION (“PROPOSED LUNDU ACQUISITION”); AND  

(III) PROPOSED ACQUISITION OF 100,000 ORDINARY SHARES IN SASTAT HOLDINGS SDN BHD (“SHSB”), REPRESENTING THE ENTIRE EQUITY INTEREST IN SHSB, BY RSB FROM PERTUMBUHAN ABADI ASIA SDN BHD, TECK SING LIK ENTERPRISE SDN BHD AND TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING, FOR A TOTAL CASH CONSIDERATION OF RM17.0 MILLION (“PROPOSED SHSB ACQUISITION”)  

(COLLECTIVELY TO BE REFERRED TO AS “PROPOSALS”)  

1. INTRODUCTION  

On behalf of the Board of Directors of RSB (“Board”), Maybank Investment Bank Berhad (“Maybank IB”) wishes to announce that the following agreements have been entered into today:  

(i) conditional agreement between RSB and Tiasa Mesra Sdn Bhd (“TMSB”) to dispose of all the rights, titles and interests in relation to a plantation estate with a gross licensed area of 15,017 hectares (“ha”) (“Simunjan Estate”) (“Licence Rights” or “LPF/0035”) via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto for a cash consideration of RM150.0 million (“Simunjan Agreement”);  

(ii) conditional sale and purchase agreement between RSB Lundu Palm Oil Mill Sdn Bhd (“RSB Lundu”) and R H Lundu Palm Oil Mill Sdn Bhd (“R H Lundu”) to acquire a parcel of land (“Lundu Land”) together with a palm oil mill (“Lundu Oil Mill”) (including workers’ quarters) erected thereon and plant and machinery used for the operation of the Lundu Oil Mill (“Plantation Assets”) for a total cash consideration of RM33.7 million (“Lundu Acquisition SPA”); and  

(iii) conditional share sale agreement between RSB and Pertumbuhan Abadi Asia Sdn Bhd (“PAA”), Teck Sing Lik Enterprise Sdn Bhd (“TSL”) and Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King (“Tan Sri Tiong”) (collectively, “SHSB Vendors”) to acquire 100,000 ordinary shares in SHSB (“SHSB Shares”), representing the entire equity interest in SHSB, for a total cash consideration of RM17.0 million (“SSA”).
2. DETAILS OF THE PROPOSALS

2.1 Proposed Disposal

2.1.1 Background information on the Proposed Disposal

The Proposed Disposal entails the disposal of the Licence Rights via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto to TMSB for a cash consideration of RM150.0 million ("Disposal Consideration").

The Proposed Disposal is subject to the terms and conditions of the Simunjan Agreement. The salient terms of the Simunjan Agreement are set out in Appendix I of this Announcement.

2.1.2 Background information on TMSB

TMSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 ("Act") on 30 March 2011 and is registered under the Companies Act, 2016 ("New Act"). As at 31 January 2017, being the latest practicable date prior to this Announcement ("LPD"), TMSB has an issued share capital of RM2.00 comprising 2 ordinary shares.

TMSB is presently dormant but intends to engage in cultivation of oil palm upon completion of the Proposed Disposal. TMSB is wholly-owned by Subur Tiasa Holdings Berhad ("Subur Tiasa") and does not have any subsidiary or associated company. As at the LPD, the directors of TMSB are Dato’ Tiong Ing and Ngu Ying Ping.

Subur Tiasa was incorporated as a private limited company in Malaysia under the Act on 26 April 1995 under the name of Subur Tiasa Holdings Sdn Bhd and is registered under the New Act. It was converted into a public company and assumed its present name on 13 April 1996. Subur Tiasa was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in 1997. As at the LPD, Subur Tiasa has an issued share capital of RM209,000,000 comprising 209,000,000 ordinary shares. Subur Tiasa is involved in investment holding and the extraction and sale of logs. As at the LPD, the directors of Subur Tiasa are Tiong Kiong King, Poh Kee Eng, Tiong Ing Ming, Tiong Ing and Ngu Ying Ping.

2.1.3 Basis and justification for the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the Licence Rights of RM143.7 million, as ascribed by the independent valuer appointed by the Company, Henry Butcher Malaysia (Sarawak) Sdn Bhd ("Henry Butcher Sarawak") via a letter dated 14 February 2017 to RSB, which was derived using the discounted cash flow method. The Disposal Consideration represents a premium of approximately 4.4% over the market value of the Licence Rights.

As one of the conditions precedent pursuant the Simunjan Agreement requires the Company to obtain an endorsement of the Director of Sarawak Forest Department of a revised tree planting plan ("Revised TPP"), the Board of RSB has undertaken to ensure that the Revised TPP will be consistent with the basis and assumptions used in arriving at the market value as ascribed by Henry Butcher Sarawak.
2.1.4 **Use of proceeds from the Proposed Disposal**

The gross proceeds arising from the Proposed Disposal will be utilised in the following manner:

<table>
<thead>
<tr>
<th>Description of utilisation</th>
<th>Estimated timeframe for utilisation from receipt of proceeds</th>
<th>Amount (RM’ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance the Proposed Lundu Acquisition (^{(a)})</td>
<td>Within 6 months</td>
<td>33.7</td>
</tr>
<tr>
<td>Finance the Proposed SHSB Acquisition (^{(a)})</td>
<td>Within 6 months</td>
<td>17.0</td>
</tr>
<tr>
<td>Repayment of bank borrowings of the RSB group of companies (“RSB Group”) (^{(b)})</td>
<td>Within 6 months</td>
<td>60.0</td>
</tr>
<tr>
<td>Defray estimated expenses relating to the Proposals (^{(c)})</td>
<td>Within 2 months</td>
<td>8.7</td>
</tr>
<tr>
<td>Working capital of the RSB Group (^{(d)})</td>
<td>Within 6 months</td>
<td>30.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>150.0</strong></td>
</tr>
</tbody>
</table>

**Notes:**

\(^{(a)}\) *In the event the Company is unable to complete the Proposed Lundu Acquisition and the Proposed SHSB Acquisition, the proceeds will be utilised as working capital instead.*

\(^{(b)}\) *The Board intends to fully repay the banking facilities which were obtained for the on-going development of the Simunjan Estate (“Facilities”). As at the LPD, the outstanding amount of the Facilities is RM60.0 million. Based on the weighted average interest rate of the Facilities of 5.5% per annum, the repayment of the Facilities is expected to result in interest savings of about RM3.3 million per annum.*

\(^{(c)}\) *Estimated expenses for the Proposals comprise stamp duty, real property gains tax (“RPGT”), professional fees, fees payable to the relevant authorities, cost of convening the extraordinary general meeting for the Proposals (“EGM”) and other incidental expenses for the Proposals. Any variation to the amount of estimated expenses in relation to the Proposals will result in an adjustment from/to the portion being earmarked for working capital accordingly.*

\(^{(d)}\) *Working capital of the RSB Group includes, but is not limited to, payment of trade creditors and the day-to-day operating expenses of the RSB Group.*
2.1.5 Liabilities to be assumed by TMSB

There are no liabilities, including contingent liabilities and guarantees, to be assumed by TMSB pursuant to the Proposed Disposal.

2.1.6 Original cost and dates of investment by RSB

The original cost and dates of investment by RSB for the Licence Rights as well as the development costs incurred for the Simunjan Estate are as follows:

<table>
<thead>
<tr>
<th>Date of investment</th>
<th>Amount (RM'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2010</td>
<td>45,997</td>
</tr>
<tr>
<td>October 2010 up to the LPD</td>
<td>123,287</td>
</tr>
<tr>
<td></td>
<td><strong>169,284</strong></td>
</tr>
</tbody>
</table>

2.2 Proposed Lundu Acquisition

2.2.1 Background information on the Proposed Lundu Acquisition

The Proposed Lundu Acquisition entails the acquisition of the Lundu Land measuring approximately 67.5 ha together with the Lundu Oil Mill (including workers' quarters) and the Plantation Assets for a total cash consideration of RM33.7 million ("Purchase Consideration of Lundu").

The Proposed Lundu Acquisition is subject to the terms and conditions of the Lundu Acquisition SPA. The salient terms of the Lundu Acquisition SPA are set out in Appendix I of this Announcement.

2.2.2 Background information on R H Lundu

R H Lundu was incorporated as a private limited company in Malaysia under the Act on 14 July 1988 under the name of Kamasda Sdn Bhd and is registered under the New Act. It assumed its present name on 15 May 2001. As at the LPD, R H Lundu has an issued share capital of RM6,100,000 comprising 6,100,000 ordinary shares.

R H Lundu is principally engaged in the business of palm oil mill operations and sale of palm oil products.

As at the LPD, the directors of R H Lundu are Tan Sri Tiong and Tiong Choon and the substantial shareholders of R H Lundu are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Direct</th>
<th></th>
<th>Indirect</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of shares</td>
<td>%</td>
<td>No. of shares</td>
<td>%</td>
</tr>
<tr>
<td>TSL</td>
<td>1,820,000</td>
<td>29.84</td>
<td>1,650,000</td>
<td>(a) 27.05</td>
</tr>
<tr>
<td>Tiong Toh Siong Enterprises Sdn Bhd (&quot;TTSE&quot;)</td>
<td>1,650,000</td>
<td>27.05</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tiong Toh Siong Holdings Sdn Bhd (&quot;TTSH&quot;)</td>
<td>1,400,000</td>
<td>22.95</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Note:

(a) Deemed interested by virtue of its interests in TTSE pursuant to Section 8 of the New Act.
2.2.3 Basis and justification for the Purchase Consideration of Lundu

The Purchase Consideration of Lundu was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

(i) the market value of the Lundu Oil Mill and the Plantation Assets of RM28.7 million, as ascribed by Henry Butcher Malaysia Sdn Bhd ("Henry Butcher Malaysia") via a letter dated 14 February 2017 to RSB, which was derived using the depreciated replacement cost method; and

(ii) the market value of the Lundu Land and the workers’ quarters erected thereon of RM5.0 million, as ascribed by Henry Butcher Sarawak via a letter dated 14 February 2017 to RSB, which was derived using the comparison method and the depreciated replacement cost method, respectively.

2.2.4 Source of funding

The Purchase Consideration of Lundu will be satisfied entirely in cash via proceeds from the Proposed Disposal.

2.2.5 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by RSB and RSB Lundu pursuant to the Proposed Lundu Acquisition.

2.2.6 Additional financial commitment

There is no additional financial commitment by RSB and RSB Lundu in putting the Lundu Oil Mill on-stream as the Lundu Oil Mill is already in operations.

2.2.7 Original cost and date of investment

R H Lundu’s original cost of investment to construct the Lundu Oil Mill was RM36.0 million. The Lundu Oil Mill was commissioned into operation in March 2006. R H Lundu’s original cost of investment for the Lundu Land, which was acquired on 30 January 2004, was RM2.7 million.

2.3 Proposed SHSB Acquisition

2.3.1 Background information on the Proposed SHSB Acquisition

The Proposed SHSB Acquisition entails the acquisition of 100,000 SHSB Shares, representing the entire equity interest in SHSB, from the SHSB Vendors for a total cash consideration of RM17.0 million ("Purchase Consideration of SHSB").

Upon completion of the Proposed SHSB Acquisition, SHSB will be a wholly-owned subsidiary of the Company.

The Proposed SHSB Acquisition is subject to the terms and conditions of the SSA. The salient terms of the SSA are set out in Appendix I of this Announcement.
2.3.2 Background information on SHSB

SHSB was incorporated as a private limited company in Malaysia under the Act on 23 July 2007 and is registered under the New Act.

As at the LPD, SHSB has an issued share capital of RM100,000 comprising 100,000 SHSB Shares. As at the LPD, the directors of SHSB are Tan Sri Tiong, Tiong Chiong Ong and Tiong Choon, and the shareholders of SHSB are as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>No. of SHSB Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAA</td>
<td>49,500</td>
<td>49.5</td>
</tr>
<tr>
<td>TSL</td>
<td>49,500</td>
<td>49.5</td>
</tr>
<tr>
<td>Tan Sri Tiong</td>
<td>1,000</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,000</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

As at the LPD, SHSB does not have any subsidiary or associated company.

SHSB is principally engaged in the cultivation of oil palm. SHSB owns a parcel of provisional lease of state land measuring 1,504 ha located at Lot No. 205, Teraja Land District, Miri Division, Sarawak, of which 1,013.79 ha have been fully planted with oil palm ("Sastat Estate").

A summary of the audited financial information of SHSB for the past 3 financial years ended ("FYE") 31 August 2013 to 2015 and the unaudited financial results for the FYE 31 August 2016 is set out in Appendix II of this Announcement.

2.3.3 Background information on the SHSB Vendors

2.3.3.1 Background information on PAA

PAA was incorporated as a private limited company in Malaysia under the Act on 29 January 1981 under the name of Sebandi Sdn Bhd and is registered under the New Act. It assumed its present name on 25 January 2006. As at the LPD, PAA has an issued share capital of RM10,000 comprising 10,000 ordinary shares.

PAA is principally engaged in investment holding.

As at the LPD, the directors of PAA are Tan Sri Tiong and Tiong Choon. Tan Sri Tiong owns 99% of the equity interest in PAA.

2.3.3.2 Background information on TSL

TSL was incorporated as a private limited company in Malaysia under the Act on 2 May 1980 under the name of Teck Sing Lick Enterprise Sdn Bhd and is registered under the New Act. It assumed its present name on 4 July 1983. As at the LPD, TSL has an issued share capital of RM5,000,000 comprising 5,000,000 ordinary shares.

TSL is principally engaged in investment holding and cultivation of oil palm.

As at the LPD, the directors of TSL are Tan Sri Tiong, Tiong Chiong Ong and Tiong Choon. Tan Sri Tiong owns 84% of the equity interest in TSL.
2.3.4 Basis and justification for the Purchase Consideration of SHSB

The Purchase Consideration of SHSB was arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted unaudited net assets ("NA") of SHSB which was arrived at as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unaudited NA as at 31 August 2016</td>
<td>(58,429.0)</td>
</tr>
<tr>
<td>Add: Net revaluation surplus</td>
<td>(a) 17,787,835.0</td>
</tr>
<tr>
<td>Adjusted unaudited NA</td>
<td>17,729,406.0</td>
</tr>
</tbody>
</table>

Note:

(a) The net revaluation surplus is calculated based on the market value of the Sastat Estate of RM40.0 million, as ascribed by Henry Butcher Malaysia (Miri) Sdn Bhd ("Henry Butcher Miri") via a letter dated 14 February 2017 to RSB, which was derived using the discounted cash flow method less the unaudited net book value ("NBV") of the Sastat Estate and the property, plant and equipment as at 31 August 2016 of RM22.2 million.

2.3.5 Source of funding

The Purchase Consideration of SHSB will be satisfied entirely in cash via proceeds from the Proposed Disposal.

2.3.6 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by RSB pursuant to the Proposed SHSB Acquisition.

Save for the interest-free advance of RM22,958,386.30 (as at the LPD) granted by Tiong Toh Siong & Sons Sdn Bhd of which Tan Sri Tiong is a shareholder, to SHSB ("Advance"), the existing liabilities of SHSB will be settled by SHSB in its ordinary course of business. Pursuant to the terms of the SSA, RSB undertakes to fully repay the Advance within 12 months after the fulfilment of all conditions precedent of the SSA.

2.3.7 Additional financial commitment

As the Sastat Estate comprise both planted and unplanted areas, it is expected that there will be additional financial commitment in the form of plantation development expenditure, the quantum of which cannot be ascertained at this juncture, to be incurred by RSB for the continuing development and planting programme of the Sastat Estate after the completion of the Proposed SHSB Acquisition.

Save for the above, there is no additional financial commitment by RSB in putting the assets/businesses of SHSB on-stream as SHSB’s business is already on-going.
2.3.8 **Original cost and date of investment**

The original cost and date of investment by the SHSB Vendors in SHSB are as follows:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Date of investment</th>
<th>No. of SHSB Shares</th>
<th>Amount (a) (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAA</td>
<td>21 January 2009</td>
<td>49,500</td>
<td>4,797,338</td>
</tr>
<tr>
<td>TSL</td>
<td>21 January 2009</td>
<td>49,500</td>
<td>4,797,341</td>
</tr>
<tr>
<td>Tan Sri Tiong</td>
<td>21 January 2009</td>
<td>1,000</td>
<td>96,917</td>
</tr>
</tbody>
</table>

**Note:**

(a) *The cost includes stamp duty paid by the respective SHSB Vendors.*
### 2.4 Summary of key information on the Simunjan Estate, the Lundu Land, the Lundu Oil Mill and the Sastat Estate

<table>
<thead>
<tr>
<th>Location / Description / Existing and future use</th>
<th>Simunjan Estate</th>
<th>Lundu Land / Lundu Oil Mill</th>
<th>Sastat Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simunjan Estate is an oil palm plantation located within the Samarahan division while the northeast corner spreads into the Sri Aman division in Sarawak. It is situated about 12 km to the southeast of Simunjan town.</td>
<td>The location of the Lundu Land is commonly known as Jalan Bau/Lundu, which is about 15-20 km to the South-West of Lundu Bazaar.</td>
<td>Sastat Estate is an oil palm plantation located along Batang Baram, near to Marudi. The western boundary largely follows the eastern bank of Batang Baram situated at Batang Baram, Baram, Miri Division, Sarawak.</td>
<td></td>
</tr>
<tr>
<td>The Lundu Land currently forms part of a parcel of land measuring approximately 250.0 ha located at Jalan Bau/Lundu, Lundu and described as Lot No. 248, Block 4, Stungkor Land District, Lundu, Kuching Division, Sarawak (&quot;Parent Lot&quot;). To facilitate the Proposed Lundu Acquisition, R H Lundu will apply for the subdivision of the Parent Lot and the issuance of a separate document of title to the Lundu Land with a term of lease of 60 years from the date of registration of the provisional lease of the Parent Lot by the Lands and Surveys, Kuching Division.</td>
<td>The Lundu Oil Mill is a 45 metric tonne (&quot;MT&quot;) per hour palm oil mill which is licensed to process up to 270,000 MT of fresh fruit branches (&quot;FFB&quot;) per annum.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title / Lot no.</td>
<td>Not applicable</td>
<td>Part of Lot No. 248, Block 4, Stungkor Land District, Kuching Division, Sarawak</td>
<td>Lot No. 205, Teraja Land District, Miri Division, Sarawak</td>
</tr>
<tr>
<td>Licence tenure / Title tenure / Provisional lease tenure</td>
<td>Simunjan Estate</td>
<td>Lundu Land / Lundu Oil Mill</td>
<td>Sastat Estate</td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>-----------------</td>
<td>-----------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Tenure of LPF/0035</td>
<td>The Sarawak Forest Department has issued LPF/0035 based on the Forests (Planted Forests) Rules, 1997.</td>
<td>The Lundu Land currently forms part of the Parent Lot. Based on the terms of the provisional lease of the Parent Lot and its term lease of 60 years commencing on 30 January 2004 and expiring on 29 January 2064, the term of the lease of the Lundu Land upon issuance of a separate document of title shall also reflect a similar term of lease of 60 years from the date of registration of the provisional lease of the Parent Lot by the Lands and Surveys Kuching Division.</td>
<td>Provisional lease of state land of 60 years from 6 August 2008 and expiring on 5 August 2068</td>
</tr>
<tr>
<td></td>
<td>Forest planting for 60 years, expiring on 21 March 2064 with a remaining period of 47 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oil palm planting for 25 years, expiring on 21 March 2029 with a remaining period of 12 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Upon the expiry of the licensed period for oil palm planting, Simunjan Estate shall be planted with trees other than oil palm.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered licensee / proprietor</td>
<td>Rejang Height Sdn Bhd (&quot;Rejang Height&quot;) is the licensee as per LPF/0035^</td>
<td>R H Lundu</td>
<td>SHSB</td>
</tr>
<tr>
<td></td>
<td>RSB is the assignee as per deed of assignment dated 30 December 2009^</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licence area / Title area</td>
<td>15,017 ha</td>
<td>Approximately 67.5 ha (subject to the subdivision and the issuance of a separate document of title to the Lundu Land)</td>
<td>1,504 ha</td>
</tr>
<tr>
<td>Planted area</td>
<td>5,775.44 ha</td>
<td>Not applicable</td>
<td>1,013.79 ha</td>
</tr>
<tr>
<td>Age of oil palm / oil mill (years)</td>
<td>2 - 9</td>
<td>Approximately 10</td>
<td>1 - 5</td>
</tr>
<tr>
<td><strong>Simunjan Estate</strong></td>
<td><strong>Lundu Land / Lundu Oil Mill</strong></td>
<td><strong>Sastat Estate</strong></td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Audited NBV</strong></td>
<td>RM156,363,896 (as at 31 December 2015)</td>
<td>RM14,412,605 (as at 31 July 2015)</td>
<td>RM19,472,287 (as at 31 August 2015)</td>
</tr>
<tr>
<td><strong>Encumbrances</strong></td>
<td>Specific debenture charged in favour of Hong Leong Bank Berhad</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
| **Independent valuer** | Henry Butcher Sarawak | • Henry Butcher Malaysia, for the Lundu Oil Mill and the Plantation Assets  
• Henry Butcher Sarawak, for the Lundu Land and the workers’ quarters | Henry Butcher Miri |
| **Date of inspection** | 11 January 2017 | 11 January 2017 | 14 December 2016 |
| **Method of valuation** | Discounted cash flow method | • Depreciated replacement cost method, for the Lundu Oil Mill, the Plantation Assets and the workers’ quarters  
• Comparison method, for the Lundu Land | Discounted cash flow method |
| **Market value**    | RM143.7 million (as at 11 January 2017) | • RM28.7 million, for the Lundu Oil Mill and the Plantation Assets (as at 11 January 2017)  
• RM5.0 million, for the Lundu Land and the workers’ quarters (as at 11 January 2017) | RM40.0 million (as at 14 December 2016) |

**Note:**

^ In 2004, the Sarawak Forest Department had granted the LPF/0035 to Rejang Height, a related company of RSB. On 23 December 2009, Rejang Height had obtained the consent from the Minister of Planning and Resource Management Sarawak and/or Director of Forests, Sarawak to absolutely assign the License Rights to RSB. RSB subsequently entered into a deed of assignment with Rejang Height on 30 December 2009 for the absolute assignment of the Licence Rights.
2.5 Age profile and FFB production of the Simunjan Estate and the Sastat Estate

2.5.1 Age profile

<table>
<thead>
<tr>
<th>Age Profile</th>
<th>Simunjan Estate</th>
<th>Sastat Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planted area</td>
<td>5,775.44</td>
<td>1,013.79</td>
</tr>
<tr>
<td>Planted area</td>
<td>5,775.44</td>
<td>1,013.79</td>
</tr>
<tr>
<td>Unplantable area</td>
<td>(b) 3,871.17</td>
<td>420.82</td>
</tr>
<tr>
<td>Total land area</td>
<td>15,017.00</td>
<td>1,504.00</td>
</tr>
</tbody>
</table>

Notes:
(a) All oil palm are 4-5 years old.
(b) Includes building, road & reserve, nursery.

2.5.2 FFB production

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mature area (ha)</td>
<td>2,067.67</td>
<td>3,221.17</td>
<td>4,791.36</td>
</tr>
<tr>
<td>FFB production (MT)</td>
<td>26,961.74</td>
<td>30,187.54</td>
<td>31,511.40</td>
</tr>
<tr>
<td>Yield (MT/ha)</td>
<td>13.04</td>
<td>9.37</td>
<td>6.58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mature area (ha)</td>
<td>-</td>
<td>-</td>
<td>652.50</td>
</tr>
<tr>
<td>FFB production (MT)</td>
<td>-</td>
<td>346.00</td>
<td>1,854.00</td>
</tr>
<tr>
<td>Yield (MT/ha)</td>
<td>-</td>
<td>-</td>
<td>2.84</td>
</tr>
</tbody>
</table>

2.6 Extraction rate and production of Lundu Oil Mill

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil extraction rate (%)</td>
<td>19.71</td>
<td>19.43</td>
<td>19.75</td>
</tr>
<tr>
<td>Kernel extraction rate (%)</td>
<td>4.20</td>
<td>3.96</td>
<td>4.29</td>
</tr>
<tr>
<td>Crude palm oil (&quot;CPO&quot;) production (MT)</td>
<td>47,966.74</td>
<td>49,248.98</td>
<td>43,640.25</td>
</tr>
<tr>
<td>Palm kernel (&quot;PK&quot;) production (MT)</td>
<td>10,172.00</td>
<td>10,041.06</td>
<td>9,481.79</td>
</tr>
</tbody>
</table>
2.7 Net profits / (loss) attributable to the Simunjan Estate, the Lundu Oil Mill and the Sastat Estate

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Simunjan Estate</td>
<td>(2,184,880)</td>
<td>1,005,811</td>
</tr>
<tr>
<td>Lundu Oil Mill</td>
<td>558,601</td>
<td>4,658,771</td>
</tr>
<tr>
<td>Sastat Estate</td>
<td>(3,475)</td>
<td>(3,220)</td>
</tr>
</tbody>
</table>

3. RATIONALE AND BENEFITS OF THE PROPOSALS

The Proposals are in line with RSB’s long term strategy to focus on cultivation of oil palm and palm oil milling.

Under the terms of LPF/0035, the licence holder is allowed to undertake oil palm activities for a maximum period of 25 years such that upon expiry, the Simunjan Estate shall be planted with trees other than oil palm. In other words, there is no certainty that an extension will be granted by the Director of Sarawak Forest Department for planting of oil palm after the said expiry. Since the RSB Group’s core business is in the cultivation of oil palm and it does not have any intention to diversify into other businesses (such as timber extraction and reforestation operations) in the medium-to-long term, the Company decided to dispose the Licence Rights which allows the Company to raise funds to fully finance the Proposed Lundu Acquisition and Proposed SHSB Acquisition. The proceeds from the Proposed Disposal will also be used to fully repay the Facilities to reduce the total borrowings and gearing of the RSB Group.

Presently, the FFB harvested from 2 estates owned by the RSB Group, namely the Biawak estate and Lundu estate, as well as the other estates owned by companies related to Tan Sri Tiong, are sent for processing at the Lundu Oil Mill. The Proposed Lundu Acquisition will allow the RSB Group to have direct management control over the oil mill operation. As the oil palm from these estates mature over the next few years, there will be additional supply of FFB for the Lundu Oil Mill.

The Proposed Lundu Acquisition will also eliminate the need to seek annual shareholders’ approval for recurrent related party transactions with R H Lundu.

As at 31 December 2016, the RSB Group’s oil palm planted area stood at approximately 55,110 ha, representing 59.7% of the RSB Group’s total land bank of 92,312 ha. The Sastat Estate has a young crop profile with a weighted average age of less than 5 years. Hence, the acquisition of the Sastat Estate via SHSB is also expected to provide steady revenue and earnings to the RSB Group in the medium to long term.

The Sastat Estate is also contiguous with the RSB Group’s existing plantation, namely the Woodijaya estate and Lumiera estate. As such, it is expected that there would be operational synergy, reduced average operational cost, higher productivity and enhanced management of estates in the future.
4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook on the Malaysian economy

The Malaysian economy grew by 4.5% in the fourth (4th) quarter of 2016 (3Q 2016: 4.3%), underpinned by continued expansion in private sector expenditure. On the supply side, growth continues to be driven by the manufacturing and services sectors. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a sustained growth of 1.4% (3Q 2016: 1.4%).

Overall, domestic demand expanded at a more moderate pace, as the improvement in private consumption and investment activity was more than offset by the decline in public expenditure. In the fourth (4th) quarter, private consumption grew by 6.2% (3Q 2016: 6.4%), supported by continued wage and employment growth. Private investment registered a growth of 4.9% (3Q 2016: 4.7%), following continued capital spending in the services and manufacturing sectors. Growth of public investment improved mainly on account of higher spending on fixed assets by public corporation, but nevertheless, remained in contraction during the quarter. Public consumption also declined by 4.2% (3Q 2016: +2.2%) arising from the rationalisation of spending on supplies and services and a moderation in the growth of spending on emoluments. On the external front, net exports contributed positively to growth as real exports expanded at a faster rate than real imports.

On the supply side, growth in the manufacturing, mining and agriculture sectors improved. The manufacturing sector expanded at a faster pace owing to higher growth in both domestic and export-oriented industries. The mining sector recorded an improvement due to the increase of natural gas production during the quarter. In the agriculture sector, economic activity contracted at a slower pace, reflecting the diminishing impact of El Niño on CPO yields. Growth in the services sector continued to expand, albeit at a more moderate pace, supported mainly by consumption-related services. In the construction sector, growth remained driven by the civil engineering subsector.

The ringgit and all major and regional currencies depreciated against the United States of America ("US") dollar during the quarter. The depreciation was driven mainly by portfolio investment outflows from emerging economies amid uncertainties arising from the outcome of the US Presidential Elections. Expectations of an interest rate increase, the actual increase in the US Federal Reserve’s policy rate in December 2016, and the anticipation of a faster pace of US interest rate normalisation in 2017, exacerbated portfolio outflows and exerted further downward pressure on most major and regional currencies. The ringgit also faced additional adjustments during the quarter following speculative activity in the non-deliverable forward market. The ringgit, along with regional currencies, however, began to stabilise towards the end of the quarter amidst higher stability in the global financial markets. The implementation of measures to develop, deepen, and address the rising imbalances in the domestic foreign exchange market, and the firmer global crude oil prices, also lent stability to the domestic foreign exchange market towards the end of the quarter.

(Source: Economic and financial developments in Malaysia in the 4th quarter of 2016, Bank Negara Malaysia)
4.2 **Outlook of the palm oil industry**

Growth in the agriculture sector is envisaged to turnaround to 15% in 2017 (2016: -3.3%) The projection is on account of improvement in the output of oil palm and rubber as well as a strong growth in the food commodity subsector. Production of CPO is envisaged to rebound 5.6% to 19 million tonnes following better yields and expansion in matured areas (2016: -9.8%; 18 million tonnes).


Malaysian palm oil performance weakened in the fourth (4th) quarter of 2016. Total production and export declined by 4.77% and 2.15% over the previous quarter respectively. Meanwhile, total imports of palm products and closing stocks increased in volume by 260.00% and 3.67% respectively in the fourth (4th) quarter of 2016.

Among the palm products, the largest decline in production was that of PK by 7.50% quarter-on-quarter and followed by CPO by 5.40%. Meanwhile, the crude PK oil increased by 1.85% and PK cake remain unchanged.

On the export side, exports of other palm products declined by 95.00%, followed by oleochemicals (12.86%) and total palm oil (12.45%). Meanwhile, exports of finished products, biodiesel, PK oil and PK cake have essentially improved in the fourth (4th) quarter of 2016, increased by 518.18%, 366.67%, 14.29% and 1.67% respectively.

In terms of imports, Malaysian palm oil imports increased by 550.00% in the fourth (4th) quarter of 2016. PK oil import also increased by 66.67% in the fourth (4th) quarter of 2016. The closing stocks for palm oil recorded an increase of 8.44%, PK oil remain unchanged in the fourth (4th) quarter of 2016. However, PK and PK cake stocks have decline of volume by 25.00% and 4.00% respectively.

(Source: Quarterly Report On Oil & Fats Issue 4, December 2016, Malaysia Palm Oil Board)

The agriculture sector is projected to expand by 3.5% per annum. Emphasis will be on increasing productivity through the modernisation of the sector, supported by greater innovation and research and development. The oil palm subsector is expected to expand by 2.8% per annum with an increasing number of matured plantations, particularly in Sabah and Sarawak.

(Source: Eleventh Malaysia Plan 2016-2020, Economic Planning Unit)

4.3 **Prospects of the Lundu Oil Mill**

The Lundu Oil Mill is already in operations, with around 40% of its capacity being fulfilled by the RSB Group’s estates, namely Biawak estate and Lundu estate and other estates owned by companies related to Tan Sri Tiong. Presently, the FFB from the said estates are sold to the Lundu Oil Mill as well as oil mills owned by other parties. In the event that the Lundu Oil Mill is underutilised, the Company will be able to channel more of its own FFB to Lundu Oil Mill.

4.4 **Prospects of SHSB**

Presently, SHSB is loss-making as the oil palm planted on the Sastat Estate are immature with a weighted average age of less than 5 years. However, as these immature oil palm mature, their yields will start to increase rapidly. The typical lifecycle of an oil palm runs from 25 to 30 years with peak yields recorded during their prime stages from 11 to 20 years. As such, the medium-to-long term prospects of the Sastat Estate is favourable as the RSB Group will stand to benefit from revenue and profit contribution from SHSB as and when the planted oil palm mature for FFB production.
5. **RISK FACTORS**

Save as disclosed below which are by no means exhaustive, the Board does not foresee any other additional risks arising from the Proposals given that the RSB Group is already involved in oil palm plantation business.

5.1 **Business risks of oil palm cultivation**

The Company already owns oil palm plantations. Hence, the Company is not expected to be exposed to new risks associated with the oil palm plantation industry from the Proposed SHSB Acquisition. However, the exposure of the Company to the inherent risks in the oil palm plantation industry will increase upon completion of the Proposed SHSB Acquisition. These include, but not limited to, fluctuations in demand and commodity prices, outbreaks of oil palm diseases, damage of oil palms from pests, fire or other natural disasters, adverse climate conditions, changes in law and tax regulations affecting oil palm plantations and palm oil, increases in labour and other production costs, potential native customary right claims and changes in general economic, business and credit conditions. There is no assurance the Company will be able to successfully mitigate the various risks in the oil palm plantation industry. If the Company is unable to do so, the business and/or future financial performance of the RSB Group will be adversely affected.

5.2 **Operational and business risks associated with palm oil milling**

The Company already owns palm oil mills. Hence, the Company is not expected to be exposed to new risks associated with the palm oil milling industry from the acquisition of the Lundu Oil Mill. However, the exposure of the Company to the existing business and operational risks associated with palm oil mills will increase upon completion of the Proposed Lundu Acquisition. For example, any machinery downtime of the Lundu Oil Mill and/or the Plantation Assets will affect its CPO and PK production and revenue, which in turn, will affect the business and/or future financial performance of the RSB Group.

5.3 **Completion risk**

The completion of the Proposals is subject to conditions which are beyond the control of the Company and/or RSB Lundu such as the approval of the shareholders for the Proposals as well as the relevant approvals from the regulatory authorities and other parties. In addition, the Proposed Lundu Acquisition and the Proposed SHSB Acquisition are conditional on the Proposed Disposal. Should the Proposed Disposal not be completed for any reason whatsoever, the Proposed Lundu Acquisition and Proposed SHSB Acquisition will also not be completed notwithstanding that the other conditions precedent to such acquisitions have been fulfilled. Accordingly, there can be no assurance that the Proposals will be completed as contemplated. In the event any of the respective conditions precedents is not fulfilled by the stipulated period and/or in the event an extension of time is not agreed upon between the Company/RSB Lundu and the respective acquirors/vendors, the relevant agreement(s) will be terminated. As such, the rationale and benefits to be realised from the Proposals will not materialise.

5.4 **Compulsory land acquisition**

The State Government of Sarawak is empowered under the Sarawak Land Code to compulsorily acquire any land in Sarawak. In the event that the State Government of Sarawak compulsorily acquires any of the land held by the RSB Group (including the Lundu Land and the Sastat Estate), the risk to the RSB Group may be mitigated by the compensation awarded by the State Government of Sarawak for such compulsory acquisition. Pursuant to the Sarawak Land Code, the market value of the land shall be taken into consideration in determining the amount of compensation to be awarded for any land resumed by the State Government of Sarawak.
6. **EFFECTS OF THE PROPOSALS**

6.1 **Share capital and substantial shareholders’ shareholding**

The Proposals will not have any effect on the share capital of the Company and the shareholding of the substantial shareholders of the Company as the Proposals will be satisfied entirely in cash.

6.2 **NA per RSB Share and gearing**

For illustrative purposes only, based on the audited consolidated statement of financial position of the Company as at 31 December 2015 and on the assumption that the Proposals had been effected on that date, the proforma effects of the Proposals on the consolidated NA and gearing of the Company are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Audited as at 31 December 2015 (RM'000)</th>
<th>After the Proposed Disposal (RM'000)</th>
<th>After the Proposed Disposal and the Proposed Lundu Acquisition (RM'000)</th>
<th>After the Proposals (RM'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>791,682</td>
<td>791,682</td>
<td>791,682</td>
<td>791,682</td>
</tr>
<tr>
<td>Reserves</td>
<td>22,684</td>
<td>(a) 9,495</td>
<td>(b) 9,345</td>
<td>(c) 9,195</td>
</tr>
<tr>
<td><strong>NA attributable to equity holders of the Company</strong></td>
<td>814,366</td>
<td>801,177</td>
<td>801,027</td>
<td>800,877</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>54,591</td>
<td>54,591</td>
<td>54,591</td>
<td>54,591</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>868,957</td>
<td>855,768</td>
<td>855,618</td>
<td>855,468</td>
</tr>
<tr>
<td>No. of ordinary shares (&quot;RSB Shares&quot;)</td>
<td>1,418,487,551</td>
<td>1,418,487,551</td>
<td>1,418,487,551</td>
<td>1,418,487,551</td>
</tr>
<tr>
<td>NA per RSB Share (RM)</td>
<td>0.57</td>
<td>0.56</td>
<td>0.56</td>
<td>0.56</td>
</tr>
<tr>
<td>No. of irredeemable convertible preference shares</td>
<td>164,876,929</td>
<td>164,876,929</td>
<td>164,876,929</td>
<td>164,876,929</td>
</tr>
<tr>
<td>Total net borrowings (RM’000) (d)</td>
<td>552,948</td>
<td>(e) 409,809</td>
<td>(f) 444,672</td>
<td>(g) 462,322</td>
</tr>
<tr>
<td>Net gearing (times) (h)</td>
<td>0.68</td>
<td>0.51</td>
<td>0.56</td>
<td>0.58</td>
</tr>
</tbody>
</table>

**Notes:**

(a) Due to loss on disposal arising from the Proposed Disposal of approximately RM6.36 million and estimated expenses relating to the Proposed Disposal of RM6.82 million (excluding goods and services tax).

(b) After taking into consideration the estimated expenses relating to the Proposed Lundu Acquisition of RM150,000 which will not be capitalised.

(c) After taking into consideration the estimated expenses relating to the Proposed SHSB Acquisition of RM150,000 which will not be capitalised.

(d) Comprises short-term and long-term borrowings as well as cash and cash equivalents.

(e) After receipt of the Disposal Consideration and payment of the estimated expenses relating to the Proposed Disposal of RM6.86 million.

(f) After the payment of the Purchase Consideration of Lundu and estimated expenses relating to the Proposed Lundu Acquisition of RM1.16 million.

(g) After the payment of the Purchase Consideration of SHSB and estimated expenses relating to the Proposed SHSB Acquisition of RM0.65 million.

(h) Computed based on total net borrowings over NA attributable to equity holders of the Company.
6.3 **Earnings and earnings per RSB Share**

The RSB Group recorded an audited loss after tax of approximately RM67.2 million for the FYE 31 December 2015. SHSB recorded a loss after tax of RM107,101 based on its latest unaudited financial statements for the FYE 31 August 2016. Nevertheless, the Proposed SHSB Acquisition is expected to contribute positively to the earnings of the RSB Group in the medium-to-long term given that the FFB production from the Sastat Estate is expected to improve over time when the immature and young oil palm trees mature in the immediate term. Consequently, the earnings per RSB Share is also expected to improve gradually over time.

The RSB Group will also stand to benefit from the potential synergies and cost savings in terms of mills management after the completion of the Proposed Lundu Acquisition.

7. **APPROVALS REQUIRED**

The Proposals are subject to the following being obtained:

(i) approval of the shareholders of RSB at the EGM of the Company to be convened; and

(ii) where required, the approval, waiver and/or consent of any other relevant authority and/or party.

The Proposed Lundu Acquisition and the Proposed SHSB Acquisition are conditional upon the Proposed Disposal, but not vice versa. However, the Proposed Lundu Acquisition and the Proposed SHSB Acquisition are not inter-conditional.

The Proposals are not conditional upon any other corporate exercise/scheme of the Company.

8. **PERCENTAGE RATIOS**

The highest percentage ratios applicable to each of the proposals pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") are as follows:

(i) 19.20% for the Proposed Disposal, based on the value of the assets of RM156.3 million compared with the audited consolidated NA of RSB as at 31 December 2015 of RM814.4 million;

(ii) 4.14% for the Proposed Lundu Acquisition, based on the Purchase Consideration of Lundu compared with the audited consolidated NA of RSB as at 31 December 2015 of RM814.4 million; and

(iii) 2.73% for the Proposed SHSB Acquisition, based on the value of the assets of RM22.2 million compared with the audited consolidated NA of RSB as at 31 December 2015 of RM814.4 million.

Accordingly, the highest aggregated percentage ratios applicable to the Proposals pursuant to Paragraph 10.12(2)(a) of the Listing Requirements is 26.07%.
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

9.1 Proposed Disposal

Save as disclosed below, none of the Directors and/or major shareholders of the Company as well as persons connected to them have any interest, direct or indirect, in the Proposed Disposal:

(i) TTSH is a major shareholder of the Company and Subur Tiasa, the holding company of TMSB;

(ii) TSL is a substantial shareholder of the Company by virtue of its direct holdings and indirect holdings via TTSE and a person connected to Tan Sri Tiong, by virtue of Tan Sri Tiong being a major shareholder or TSL;

(iii) Tan Sri Tiong is an indirect major shareholder of the Company via his shareholdings in TSL, TTSH, TTSE and PAA and an indirect major shareholder of Subur Tiasa, the holding company of TMSB, by virtue of his shareholdings in TTSH, TTSE, TSL and Tiong Toh Siong & Sons Sdn Bhd;

(iv) TTSE is a person connected to TSL, by virtue of TSL being a major shareholder of TTSE;

(v) PAA is an indirect major shareholder of the Company and a person connected to Tan Sri Tiong, by virtue of Tan Sri Tiong being a major shareholder of PAA; and

(vi) the following Directors of the Company:
   (a) Tan Sri Tiong, by virtue of him being interested in the Proposed Disposal;
   (b) Tiong Kiong King, by virtue of him being a Director on the Board of Directors of Subur Tiasa and also the brother of Tan Sri Tiong;
   (c) Tiong Ing Ming, by virtue of him being a Director on the Board of Directors of Subur Tiasa;
   (d) Tiong Chiong Ong, by virtue of him being the son of Tan Sri Tiong and therefore, a person connected to Tan Sri Tiong; and
   (e) Tiong Chiong Ie, by virtue of him being the nephew of both Tan Sri Tiong and Tiong Kiong King, and cousin of Tiong Chiong Ong, and therefore, a person connected to them.

(TTSH, TSL, Tan Sri Tiong, TTSE and PAA are collectively referred to as “Interested Major Shareholders”)

(Tan Sri Tiong, Tiong Kiong King, Tiong Ing Ming, Tiong Chiong Ong and Tiong Chiong Ie are collectively referred to as “Interested Directors For The Proposed Disposal”)

The Interested Directors For The Proposed Disposal have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of the Company in relation to the Proposed Disposal.

The Interested Directors For The Proposed Disposal and Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholding, if any, in the Company on the resolution pertaining to the Proposed Disposal at the EGM of the Company to be convened. In addition, the Interested Directors For The Proposed Disposal and Interested Major Shareholders have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholding, if any, in the Company on the resolution pertaining to the Proposed Disposal at the EGM of the Company to be convened.
9.2 Proposed Lundu Acquisition

Save as disclosed below, none of the Directors and/or major shareholders of the Company as well as persons connected to them have any interest, direct or indirect, in the Proposed Lundu Acquisition:

(i) TTSH is a major shareholder of the Company and R H Lundu;
(ii) TSL is a substantial shareholder of the Company by virtue of its direct holdings and indirect holdings via TTSE and a major shareholder of R H Lundu;
(iii) Tan Sri Tiong is an indirect major shareholder of the Company, via his shareholdings in TSL, TTSH, TTSE and PAA, and an indirect major shareholder of R H Lundu;
(iv) TTSE is a person connected to TSL, by virtue of TSL being a major shareholder of TTSE, and a major shareholder of R H Lundu;
(v) PAA is an indirect major shareholder of the Company and a person connected to Tan Sri Tiong by virtue of Tan Sri Tiong being a major shareholder of PAA; and
(vi) the following Directors of the Company:

(a) Tan Sri Tiong, by virtue of him being interested in the Proposed Lundu Acquisition;
(b) Tiong Kiong King, by virtue of him being the brother of Tan Sri Tiong and therefore, a person connected to Tan Sri Tiong;
(c) Tiong Chiong Ong, by virtue of him being the son of Tan Sri Tiong and therefore, a person connected to Tan Sri Tiong; and
(d) Tiong Chiong Ie, by virtue of him being the nephew of both Tan Sri Tiong and Tiong Kiong King, and cousin of Tiong Chiong Ong, and therefore, a person connected to them.

(Tan Sri Tiong, Tiong Kiong King, Tiong Chiong Ong and Tiong Chiong Ie are collectively referred to as “Interested Directors”)

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of the Company in relation to the Proposed Lundu Acquisition.

The Interested Directors and Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholding, if any, in the Company on the resolution pertaining to the Proposed Lundu Acquisition at the EGM of the Company to be convened. In addition, the Interested Directors and Interested Major Shareholders have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholding, if any, in the Company on the resolution pertaining to the Proposed Lundu Acquisition at the EGM of the Company to be convened.
9.3 Proposed SHSB Acquisition

Save as disclosed below, none of the Directors and/or major shareholders of the Company as well as persons connected to them have any interest, direct or indirect, in the Proposed SHSB Acquisition:

(i) TSL is a substantial shareholder of the Company via, among others, its direct and indirect shareholdings in TTSE and one of the SHSB Vendors;

(ii) PAA is an indirect major shareholder of the Company, person connected to Tan Sri Tiong, by virtue of Tan Sri Tiong being a major shareholder of PAA, and one of the SHSB Vendors;

(iii) Tan Sri Tiong is an indirect major shareholder of the Company via his shareholdings in TSL, TTSH, TTSE and PAA, and one of the SHSB Vendors;

(iv) TTSH is a major shareholder of the Company and person connected to Tan Sri Tiong by virtue of Tan Sri Tiong being a major shareholder of TTSH;

(v) TTSE is a person connected to TSL by virtue of TSL being a major shareholder of TTSE; and

(vi) the following Directors of the Company:

(a) Tan Sri Tiong, by virtue of him being interested in the Proposed SHSB Acquisition;

(b) Tiong Kiong King, by virtue of him being the brother of Tan Sri Tiong and therefore, a person connected to Tan Sri Tiong;

(c) Tiong Chiong Ong, by virtue of him being the son of Tan Sri Tiong and therefore, a person connected to Tan Sri Tiong; and

(d) Tiong Chiong Ie, by virtue of him being the nephew of both Tan Sri Tiong and Tiong Kiong King, and cousin of Tiong Chiong Ong, and therefore, a person connected to them.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of the Company in relation to the Proposed SHSB Acquisition.

The Interested Directors and Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholding, if any, in the Company on the resolution pertaining to the Proposed SHSB Acquisition at the EGM of the Company to be convened. In addition, the Interested Directors and Interested Major Shareholders have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholding, if any, in the Company on the resolution pertaining to the Proposed SHSB Acquisition at the EGM of the Company to be convened.
The shareholdings of the interested Directors of RSB, the Interested Major Shareholders and persons connected to them in RSB as at the LPD are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Direct No. of RSB Shares</th>
<th>Direct %</th>
<th>Indirect No. of RSB Shares</th>
<th>Indirect %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tan Sri Tiong</td>
<td>2,400,000</td>
<td>0.17</td>
<td>775,118,279</td>
<td>(a) 54.64</td>
</tr>
<tr>
<td>Tiong Kiong King</td>
<td>23,803,800</td>
<td>1.18</td>
<td>6,218,400</td>
<td>(b) 0.44</td>
</tr>
<tr>
<td>Tiong Ing Ming</td>
<td>200,000</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tiong Chiong Ong</td>
<td>7,031,608</td>
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**Notes:**

(a) Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA, Rimbunan Hijau Southeast Asia Sdn Bhd ("RH Southeast Asia"), Rimbunan Hijau (Sarawak) Sdn Bhd ("RH Sarawak"), Kendaele Oil Palm Plantation Sdn Bhd ("Kendaele Oil Palm"), Pemandangan Jauh Plantation Sdn Bhd ("PJP"), Ladang Hijau (Sarawak) Sdn Bhd ("LHSB"), Rejang Height, Multi Greenview Sdn Bhd ("Multi Greenview") and Subur Tiasa pursuant to Section 8 of the New Act, and the interests of his spouse and children in the Company pursuant to Section 59(11)(c) of the New Act.

(b) Deemed interested by virtue of his interest in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 8 of the New Act.

(c) Deemed interested by virtue of the interest of his spouse and children in the Company pursuant to Section 59(11)(c) of the New Act.

(d) Deemed interested by virtue of his interest in Priharta Development Sdn Bhd pursuant to Section 8 of the New Act.

(e) Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA, RH Southeast Asia, RH Sarawak, Kendaele Oil Palm, PJP, LHSB, Rejang Height, Multi Greenview and Subur Tiasa pursuant to Section 8 of the New Act.

(f) Deemed interested by virtue of its interest in PJP, LHSB, Multi Greenview and Subur Tiasa pursuant to Section 8 of the New Act.

(g) Deemed interested by virtue of its interest in TTSE pursuant to Section 8 of the New Act.

(h) Deemed interested by virtue of its interest in RH Southeast Asia, Kendaele Oil Palm, and Rejang Height pursuant to Section 8 of the New Act.

(i) Deemed interested by virtue of its interest in RH Southeast Asia, RH Sarawak and Kendaele Oil Palm pursuant to Section 8 of the New Act.

Save as disclosed above, none of the Directors, major shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposals.
10. **AUDIT COMMITTEE’S STATEMENT**

The Audit Committee of RSB (save for Tiong Kiong King who has abstained in relation to the Proposals and Tiong Ing Ming who has abstained in relation to the Proposal Disposal), after having considered all aspects of the Proposals, including but not limited to the rationale and benefits of the Proposals, salient terms of the agreements, basis and justification for the considerations of each transaction, effects of the Proposals and the advice of Mercury Securities Sdn Bhd ("Mercury Securities"), is of the view that the Proposals are:

(a) in the best interest of RSB;

(b) fair, reasonable and on normal commercial terms; and

(c) not detrimental to the interest of the non-interested shareholders of RSB.

11. **DIRECTORS’ STATEMENT**

11.1 **Proposed Disposal**

The Board (save for the Interested Directors For the Proposed Disposal), having considered, among others, the rationale and benefits of the Proposed Disposal, salient terms of the Simunjan Agreement, basis and justification for the Disposal Consideration, is of the opinion that the Proposed Disposal is in the best interest of the Company.

11.2 **Proposed Lundu Acquisition**

The Board (save for the Interested Directors), having considered, among others, the rationale and benefits of the Proposed Lundu Acquisition, salient terms of the Lundu Acquisition SPA, basis and justification for the Purchase Consideration of Lundu and effects of the Proposed Lundu Acquisition, is of the opinion that the Proposed Lundu Acquisition is in the best interest of the Company.

11.3 **Proposed SHSB Acquisition**

The Board (save for the Interested Directors), having considered, among others, the rationale and benefits of the Proposed SHSB Acquisition, salient terms of the SSA, basis and justification for the Purchase Consideration of SHSB and effects of the Proposed SHSB Acquisition, is of the opinion that the Proposed SHSB Acquisition is in the best interest of the Company.

12. **ADVISERS**

Maybank IB has been appointed as Principal Adviser to RSB for the Proposals.
In view of the interests of the interested Directors and Interested Major Shareholders as set out in Section 9 of this Announcement and in compliance with Paragraph 10.08 of the Listing Requirements, Mercury Securities has been appointed to act as the Independent Adviser to undertake the following in relation to the Proposals:

(a) comment as to whether the Proposals are:

(i) fair and reasonable so far as the non-interested shareholders of RSB are concerned; and

(ii) to the detriment of the non-interested shareholders of RSB,

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

(b) advise the non-interested shareholders of RSB whether they should vote in favour of the Proposals; and

(c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (a) and (b) above.

13. TRANSACTION WITH RELATED PARTY FOR THE PAST 12 MONTHS

Save for the Proposals and the recurrent related party transactions set out in the circular to shareholders of RSB dated 29 April 2016, the Company has not entered into any transaction with the interested Directors and Interested Major Shareholders for the 12 months preceding the date of this Announcement.

14. ESTIMATED TIMEFRAME FOR APPLICATION TO AUTHORITIES AND COMPLETION

The Company will submit the draft Circular to Bursa Securities for its clearance not later than 2 months from the date of this Announcement or the date the last approval necessary for the Proposal is obtained from the relevant authority, whichever is the later.

Barring unforeseen circumstances, the Proposals are expected to be completed by the third (3rd) quarter of 2017.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The Simunjan Agreement, Lundu Acquisition SPA and SSA are available for inspection at the registered office of RSB at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000, Sibu, Sarawak during normal business hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this Announcement.

This Announcement is dated 22 February 2017.
1. **Salient terms of the Simunjan Agreement**

The salient terms of the Simunjan Agreement include the following:

(a) **Conditions precedent**

The Proposed Disposal shall be conditional upon the fulfilment of the following within 6 months from the date of the Simunjan Agreement or such extended period as may be mutually agreed by the parties ("Stipulated Period"): 

(1) RSB obtaining the approval of its shareholders in a general meeting for the Proposed Disposal;

(2) Subur Tiasa obtaining the approval of its shareholders in a general meeting for TMSB to acquire the Licence Rights including the development costs, biological assets, commercial rights and all fixture and fittings relating thereto;

(3) RSB obtaining, at its own cost and expense, (i) the approval of the Director of Forests of the Forest Department, Sarawak ("Director") and/or the Minister of Planning and Resource Management Sarawak ("Minister") for the absolute assignment of the Licence Rights in favour of TMSB and to the form and content of the deed of assignment to be executed between RSB and TMSB for such assignment of the Licence Rights ("Assignment"); and (ii) the endorsement of the Director of a revised tree planting plan to the tree planting plan that has been approved by the Director;

(4) TMSB being satisfied with the results of a financial and legal due diligence review on the Licence Rights, and all matters deemed necessary by TMSB pertaining to the Licence Rights, the results of which are determined by TMSB in its sole and absolute discretion to be satisfactory;

(5) RSB shall settle all existing liabilities owing to trade creditors for the development of the Simunjan Estate under the Licence Rights;

(6) RSB procuring a redemption statement cum letter of undertaking from Hong Leong Bank Berhad ("Hong Leong") addressed to the financier of TMSB on the redemption sum payable to settle the credit facilities granted by it, among others for the development of the oil palm plantation under the Licence Rights; and

(7) all other approvals, consents or permissions from any regulatory authority or third party required by RSB for the Proposed Disposal,

(collectively referred to as "Conditions Precedent"). The Conditions Precedent may be waived by TMSB in whole or in part with or without terms or conditions in so far as the same is permitted by law.
If the Conditions Precedent are not fulfilled within the Stipulated Period or deemed not to be fulfilled due to certain conditions imposed by the regulatory authorities, the following will take place before the expiry of 7 business days from the next day following the expiry of the Stipulated Period or the earlier determination of the Simunjan Agreement:

(1) RSB shall refund any monies paid by TMSB to RSB, free of interest pursuant to the terms and conditions of the Simunjan Agreement save for the amount for the RPGT which shall be released and returned to TMSB; and

(2) in exchange, TMSB shall return to RSB, all documents and things forwarded to TMSB by RSB,

and thereafter, the Simunjan Agreement shall be deemed terminated and neither RSB nor TMSB shall have any claim for costs, damages or compensation against each other except where such costs or damages were incurred arising from any breach of the Simunjan Agreement prior to such termination.

(b) The relevant party shall, within thirty (30) days from the date of the Simunjan Agreement or such other time frame as may be practicable in the circumstances, apply to the relevant regulatory authorities. RSB and TMSB covenant and undertake with each other to provide all information that shall be required by the relevant regulatory authorities. RSB shall submit an application to the Director and/or Minister to obtain its approval for the Assignment within the Stipulated Period.

(c) Disposal Consideration

The Disposal Consideration shall be satisfied by TMSB in the following manner:

(1) RM15.0 million as deposit ("Simunjan Deposit"), to be paid to RSB within 7 business days upon the signing of the Simunjan Agreement and of which TMSB’s solicitors shall retain RM4.5 million from the Simunjan Deposit for the purpose of RPGT ("RPGT Amount"); and

(2) RM135.0 million ("Balance Sum") to be paid within 2 months after the date upon which all of the Conditions Precedent are fulfilled or waived, as the case may be ("Completion Period") in the following manner:

(i) to fully settle the redemption sum payable to Hong Leong in accordance with the redemption statement cum letter of undertaking obtained from Hong Leong addressed to the financier of TMSB within the Completion Period to procure the discharge and release of the following securities within the Completion Period:

(aa) the debenture created over the movable and immovable properties and assets to the Licence Rights over the Simunjan Estate to and in favour of Hong Leong; and

(bb) the corporate guarantee given by RSB to and in favour of Hong Leong; and,

(ii) thereafter, the remaining Balance Sum to be paid over to RSB directly on or before the Completion Date.
Upon the fulfilment of the Conditions Precedent, RSB and TMSB shall perform their respective obligations including executing the Assignment to complete the Proposed Disposal within the Completion Period.

Completion of the Simunjan Agreement

The Simunjan Agreement shall be completed on a date falling within the Completion Period or Extended Completion Period (as defined herein) when the Balance Sum has been paid in full by TMSB to RSB ("Completion Date"), whereupon RSB shall:

1. deliver the original LPF/0035 and the original assignment executed by RSB with the endorsement of consent or written consent by the Director and/or the Minister, to TMSB;
2. hand over such documents or records relating to the development costs for the development of the plantation area under the Licence Rights; and
3. hand over and/or relinquish its rights to and over the biological assets, commercial rights and all the fixture and fittings at in or to the plantation area under the Licence Rights to TMSB.

For purposes of this paragraph, "Extended Completion Date" refers to a situation where if the time for payment of the Disposal Consideration or part thereof is extended by RSB at the written request of TMSB, the Completion Period shall be extended for the same period of such extended time for payment.

Outstanding litigation

1. RSB will use its best endeavours to cause and procure the existing litigation case affecting the plantation area under the Licence Rights to be settled or resolved culminating in a discontinuance or withdrawal before the trial court before the Completion Date.
2. If the existing litigation case affecting the plantation area under the Licence Rights cannot be settled or resolved by the Completion Date, but a declaration or decision is made by the trial court judge to the effect that the plantation area under the Licence Rights or any part thereof is subject to native customary rights and the aggrieved parties to the said existing litigation case have exhausted all rights of appeal against such declaration or decision made by the trial court judge, RSB shall compensate TMSB in respect of such part of the plantation area under the Licence Rights so affected by the declaration or decision of the trial court judge with cash consideration computed based on the valuation per hectare provided in the valuation report by the valuer appointed by TMSB for the Proposed Disposal.

Default

If any party before the Completion Date:

1. neglect or by wilful default fail or refuse or be unable to perform any of its obligation under the Simunjan Agreement; or
2. neglect or by wilful default fail or refuse or be unable to complete this transaction in accordance with the provisions in the Simunjan Agreement; or
3. materially breach any of the provisions of the Simunjan Agreement;
the party not in breach ("Non-Defaulting Party") shall be entitled to elect as follows;

(i) If RSB is the Non-Defaulting Party, RSB shall be entitled to elect not to proceed with the Simunjan Agreement, and terminate the Simunjan Agreement by giving written notice to TMSB, which termination shall take effect from such date stipulated in said notice. RSB shall then be entitled to claim or forfeit the Simunjan Deposit paid by TMSB (of which the RPGT Amount shall be released to RSB by TMSB's solicitors) as pre-estimated liquidated damages and refund to TMSB the Balance Sum or such part thereof paid by TMSB free of interest. All documents and things in relation to the Simunjan Agreement shall be returned to RSB. Thereafter, the Simunjan Agreement shall be null and void, and neither RSB nor TMSB shall have any further claims against each other, except where such claims were incurred arising from any breach of the Simunjan Agreement prior to such termination;

(ii) If TMSB is the Non-Defaulting Party, TMSB shall be entitled to elect not to proceed with the Simunjan Agreement and terminate the Simunjan Agreement by giving a written notice to RSB, which termination shall take effect from such date stipulated in said notice. All the monies paid by TMSB shall then be refunded to TMSB free of interest together with a sum equivalent to the Simunjan Deposit (excluding the RPGT Amount which shall be released to TMSB by TMSB's solicitors) as pre-estimated liquidated damages. All documents and things in relation to the Simunjan Agreement shall be returned to RSB. Thereafter, the Simunjan Agreement shall be null and void and neither RSB nor TMSB shall have any further claims against each other, except where such claims were incurred arising from any breach of the Simunjan Agreement prior to such termination;

(iii) or alternatively, to complete the Simunjan Agreement in which case the remedy of specific performance of the Simunjan Agreement under the Specific Relief Act, 1950 shall be available to the Non-Defaulting Party without any prejudice to the Non-Defaulting Party's right to claim against the party in default for any damages, losses, costs, expenses or outgoings whatsoever arising from or in connection with the events of sub-clause (i) and/or sub-clause (ii) above.

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2. Salient terms of the Lundu Acquisition SPA

The salient terms of the Lundu Acquisition SPA include the following:

(a) Conditions precedent

(1) The Lundu Acquisition SPA is conditional upon the following:

(i) the completion of a legal due diligence review to be conducted on, among others, the Lundu Land, the Lundu Oil Mill and the Plantation Assets to the satisfaction of RSB Lundu;

(ii) the completion of the subdivision of the Parent Lot culminating in the issuance of a separate document of title to the Lundu Land with a term of lease of 60 years from the date of registration of the provisional lease of the Parent Lot by the Lands and Surveys Kuching Division;

(iii) the Director of Lands and Surveys Kuching Division’s consent for the transfer of the Lundu Land to RSB Lundu;

(iv) the Superintendent of Lands and Surveys’ consent in writing for the transfer of the Lundu Land to RSB Lundu in accordance with Section 31 of the Sarawak Land Code;

(v) the completion of the Proposed Disposal;

(vi) the approvals of the Board of Directors and the shareholders of R H Lundu for the disposal of the Lundu Land, Lundu Oil Mill and Plantation Assets;

(vii) the approval of the Board of Directors of RSB Lundu for the Proposed Lundu Acquisition;

(viii) the approval of the shareholders of RSB in a general meeting for the Proposed Lundu Acquisition; and

(ix) all such other approvals, consents or authorisations from the relevant authorities or parties.

(collectively referred to as the “Conditions Precedent”)

(2) The Conditions Precedent shall be fulfilled within 12 months from the date of the Lundu Acquisition SPA, or such other extended period as the parties hereto may mutually agree upon in writing.

(b) Purchase Consideration of Lundu

(1) The Purchase Consideration of Lundu shall be paid by RSB Lundu to R H Lundu by way of cash or such other manner as mutually to be agreed upon, in the following manner:

(i) RM3.37 million, representing 10% of the Purchase Consideration of Lundu (“Deposit”), as deposit, within 7 business days after the execution of the Lundu Acquisition SPA; and
(ii) RM30.33 million, representing 90% of the Purchase Consideration of Lundu ("Balance Sum"), within 3 days upon registration of the transfer of the Lundu Land to RSB Lundu being accepted by the Kuching land registry office.

(2) RSB Lundu shall retain RM0.15 million, representing 3% of the Purchase Consideration of Lundu, to pay the Inland Revenue Board of Malaysia ("IRB") for contingent RPGT arising from the disposal of the Lundu Land by R H Lundu. Such payment is part of the Purchase Consideration of Lundu.

(3) For the avoidance of doubt, the Purchase Consideration of Lundu is inclusive of the consideration sum for the Plantation Assets but exclusive of the motor vehicles owned and used by the R H Lundu for the purpose of or in connection with the operations of the Lundu Oil Mill.

(c) Delivery of vacant possession and completion

(1) Upon the full payment of the Purchase Consideration of Lundu, R H Lundu will deliver vacant possession of the Lundu Land and also the legal and vacant possession of the workers’ quarters and hand over all activities (business or otherwise), operations and management of the Lundu Oil Mill to RSB Lundu and all risks to the Lundu Land shall be passed to RSB Lundu.

(2) At any time within 2 months from the date of fulfilment of the last Conditions Precedent:

(i) R H Lundu shall handover all existing licences, consents, permits, authorisations and/or approvals from authorities (public and private) with respect to the operations of the Lundu Oil Mill and where any of such licences, consent, permits, authorisations and/or approvals are issued in the name of R H Lundu, R H Lundu shall procure for the same to be renewed and issued in the name of RSB Lundu;

(ii) R H Lundu shall procure the legal ownership of all Plantation Assets owned, leased or hired by R H Lundu in connection with the operations of the Lundu Oil Mill, to be transferred or leased to RSB Lundu and handover ownership of the same to RSB Lundu and update the relevant records in its assets register;

(iii) RSB Lundu shall decide whether to retain any employees of R H Lundu and R H Lundu shall be responsible for those employees not retained by RSB Lundu including making any pay-offs or redundancy payments to such employees at its own cost and expense; and

(iv) R H Lundu and RSB Lundu shall mutually discuss and agree on the consideration sum to be paid by RSB Lundu to R H Lundu for the individual sale and transfer of any such motor vehicles owned by R H Lundu in connection with the operations of the Lundu Oil Mill.

(3) The Lundu Acquisition will be completed on the date of the registration of the Memorandum of Transfer affecting the Lundu Land at the Kuching land registry office and the payment of the Balance Sum by RSB Lundu to R H Lundu ("Completion Date").
(d) Termination by RSB Lundu

(1) RSB Lundu is entitled to terminate the Lundu Acquisition SPA by way of a written notice to R H Lundu ("RSB Termination Notice") on or before the Completion Date, such termination to be effective from the date of the RSB Termination Notice, if any of the following occur after the execution of the Lundu Acquisition SPA but before the Completion Date:

(i) R H Lundu refuses or is unable to complete the sale and transfer of the Lundu Land and the Plantation Assets through no fault of RSB Lundu;

(ii) R H Lundu fails to execute and deliver to RSB Lundu the Memorandum of Transfer and such other documents as are necessary to register the transfer of the Lundu Land to RSB Lundu;

(iii) there is a breach of the warranties given of R H Lundu, which cannot be remedied to the satisfaction of RSB Lundu within 20 business days or any other period as otherwise agreed by RSB Lundu;

(iv) there is a material breach of any terms or conditions of the Lundu Acquisition SPA or a failure to perform or observe any undertaking or obligation in the Lundu Acquisition SPA by R H Lundu, which R H Lundu has refused or is unable to remedy within 14 business days from the date of receipt of the notice of the breach by R H Lundu from RSB Lundu; or

(v) there is an order made or resolution passed or analogous proceeding taken for the winding up or dissolution of R H Lundu or if R H Lundu is deemed unable to pay its debts under Section 466(1) of the Companies Act, 2016 or has a receiver and manager appointed over all or a substantial part of its undertakings and assets.

(2) Termination takes effect from such date stated in the RSB Termination Notice where:

(i) R H Lundu shall refund to RSB Lundu all monies paid by RSB Lundu;

(ii) R H Lundu shall pay RSB Lundu a sum equivalent to the Deposit as agreed pre-estimated liquidated damages;

(iii) RSB Lundu shall return all documents pertaining to the Lundu Land and the Plantation Assets to R H Lundu for cancellation;

(iv) RSB Lundu shall withdraw the caveat lodged against the Parent Lot or any part thereof,

and thereafter, neither party shall have any claims against the other party.

(e) Termination by R H Lundu

(1) If RSB Lundu fails, refuses or is unwilling to pay the Purchase Consideration of Lundu or any part thereof or is unable to complete the Proposed Lundu Acquisition through no fault of R H Lundu after the execution of the Lundu Acquisition SPA but before the Completion Date, R H Lundu is entitled to terminate the Lundu Acquisition SPA by way of a written notice to RSB Lundu ("R H Lundu Termination Notice") on or before the Completion Date.
(2) Termination takes effect from such date stated in the R H Lundu Termination Notice where:

(a) the Deposit shall be forfeited to R H Lundu as agreed pre-estimated liquidated damages;

(b) all other monies received by R H Lundu as part of the Purchase Consideration of Lundu (except for Deposit) shall be returned free of interest to RSB Lundu;

(c) RSB Lundu shall return all documents pertaining to the Lundu Land and the Plantation Assets to R H Lundu for cancellation;

(d) RSB Lundu shall withdraw the caveat lodged against the Parent Lot or any part thereof at RSB Lundu’s cost and expenses,

and thereafter, neither party shall have any claims against the other party.

(f) Mutual termination

R H Lundu and RSB Lundu may mutually agree to terminate the Lundu Acquisition SPA before the Completion Date at the election of either R H Lundu or RSB Lundu where:

(1) R H Lundu shall refund to RSB Lundu all monies which may have been paid by RSB Lundu to R H Lundu under the Lundu Acquisition SPA, if any;

(2) RSB Lundu shall return all documents pertaining to the Lundu Land and the Plantation Assets to R H Lundu for cancellation;

(3) RSB Lundu shall withdraw the caveat lodged against the Parent Lot or any part thereof,

and thereafter, neither party shall any claims against the other party.

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3. **Salient terms of the SSA**

The salient terms of the SSA include the following:

(a) **Conditions**

(1) The SSA is conditional upon the following being met by the last day of the period of 6 months from the date of the SSA, with an extension of a further 6 months if any of the Conditions is not fulfilled by the expiry of the first 6 months:

   (i) a resolution of the Directors and shareholders of RSB and the SHSB Vendors approving the SSA;

   (ii) RSB being satisfied with the results of due diligence reviews and any other inquiries and investigations of SHSB;

   (iii) all the approvals, consents or authorisations from relevant authorities or parties, of SHSB for the transaction and matters contemplated by the SSA being obtained;

   (iv) upon the completion of the Proposed Disposal; and

   (v) upon receipt of the audited financial statements of SHSB for the FYE 31 August 2016 ("2016 Audited Account").

(collectively referred to as “Conditions”)

(b) **Purchase Consideration of SHSB**

(1) The Purchase Consideration of SHSB shall be paid in cash in the following manners:

   (i) RM1.7 million, representing 10% of the Purchase Consideration of SHSB, as the deposit, within 7 business days from the date of the SSA ("SSA Deposit"); and

   (ii) RM15.3 million, representing 90% of the Purchase Consideration of SHSB ("Balance Purchase Consideration"), subject to Adjustments (as defined herein), on the completion date (i.e. being the date to be agreed between RSB and the SHSB Vendors or, in the absence of such date, the last day of the period of 60 days from the date where last Condition is met or such later date as mutually agreed by the parties ("Completion Date")).

(2) RSB’s solicitors shall pay a sum equivalent to 3% of the Purchase Consideration of SHSB, on behalf of the SHSB Vendors, to the Director General of the IRB within 60 days from the date of the SSA, in compliance with the Real Property Gains Tax Act, 1976. This amount shall form part of the SSA Deposit.

(3) If the NA of SHSB as per the 2016 Audited Accounts is lower than the NA as per the 2016 Unaudited Accounts by more than RM100,000.00 (“NA Shortfall”), the Purchase Consideration of SHSB shall be reduced by such amount equivalent to the NA Shortfall.

(4) No adjustment will be made to the Purchase Consideration of SHSB if the NA Shortfall is RM100,000.00 or less. The NA Shortfall shall be deducted from the Balance Purchase Consideration accordingly.
(5) If any adjustments to the market value ascribed by the registered valuer which results in the final market value on the land owned by SHSB being lower than the initial market value obtained by RSB prior to the date of SSA, by more than 5% ("MV Shortfall"), the Purchase Consideration of SHSB shall be reduced by such amount equivalent to the MV Shortfall.

(6) No adjustment will be made to the Purchase Consideration of SHSB if the MV Shortfall is within a variance of 5% of the initial market value. The MV Shortfall shall be paid together with the payment of the Balance Purchase Consideration or be deducted therefrom accordingly.

(c) Completion

Subject to all Conditions above being fulfilled, the completion of the sale and purchase of the SHSB Shares shall take place on the Completion Date.

(d) Post-completion obligations of RSB

The SHSB Vendors represent that as at 31 January 2017, a sum of RM22,958,386.30 has been advanced to SHSB by Tiong Toh Siong & Sons Sdn Bhd ("TTSS"), of which Tan Sri Tiong is a shareholder, on an interest-free basis ("Advance"). RSB undertakes to fully and unconditionally repay the Advance within a period of 12 months after the fulfilment of all Conditions. The SHSB Vendors agree that prior to such date, RSB or SHSB shall not be required to make repayment of the Advance and no demand shall be made by TTSS for such repayment.

(e) Termination / specific performance

(1) The SSA may be terminated prior to completion in any of the following events:

   (i) termination by either party, if any of the Conditions is not satisfied; or

   (ii) termination by the party not in breach, if RSB or any of the SHSB Vendors breaches all or any of the material terms of the SSA or any of the warranties; or

   (iii) termination by the party which is not the party that has become insolvent; or

   (iii) termination by RSB, if RSB is unable to complete the purchase of the all the SHSB Shares; or

   (iv) termination by the party not in breach, if any of the warranties is or has become materially inaccurate or misleading.
(2) If the SSA is terminated on grounds other than a breach on the part of RSB or the SHSB Vendors, all sums paid by RSB to the SHSB Vendors towards settlement of the Purchase Consideration of SHSB shall be refunded to RSB in full without interest within 14 days from the date of termination. Upon such refund, neither party shall have any claim against the other howsoever arising under the SSA.

(3) If the SSA is terminated on grounds of any material breach on the part of RSB, the SSA Deposit paid by RSB to the SHSB Vendors shall be forfeited by the SHSB Vendors. Upon and subject to such forfeiture neither party shall have any claim against the other howsoever arising under the SSA.

(4) If the SSA is terminated on grounds of any breach on the part of the SHSB Vendors, all sums paid by RSB to the SHSB Vendors towards settlement of the Purchase Consideration of SHSB shall be refunded to RSB in full without interest within 14 days from the date of termination and the SHSB Vendors shall pay to RSB liquidated damages in the sum equivalent to the SSA Deposit simultaneous with such refund. Upon such refund, neither party shall have any claim against the other howsoever arising under the SSA.

(5) Either party shall be entitled to enforce the SSA by way of specific performance.
FURTHER INFORMATION ON SHSB

A summary of the financial information of SHSB based on the audited financial statements of SHSB for the past 3 FYEs 31 August 2013 to 2015 and the unaudited financial results for the 12-months FYE 31 August 2016 is as follows:

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<tr>
<th></th>
<th>Audited FYE 31 August</th>
<th>Unaudited FYE 31 August</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Revenue</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Pre-tax profit/(loss)</td>
<td>(3.48)</td>
<td>(3.22)</td>
</tr>
<tr>
<td>After-tax profit/(loss)</td>
<td>(3.48)</td>
<td>(3.22)</td>
</tr>
<tr>
<td>NA (a)</td>
<td>45.37</td>
<td>42.15</td>
</tr>
<tr>
<td>Number of SHSB Shares in issue (‘000)</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>NA per SHSB Share (RM)</td>
<td>0.45</td>
<td>0.42</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gearing ratio (times)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes:

(a) Sum of previous year’s NA and current year’s after-tax profit/loss.
(b) Not available as SHSB had net liabilities of about RM58.4 million as at 31 August 2016.

Commentaries:

FYE 31 August 2014 vs. FYE 31 August 2013

SHSB did not record any revenue for the FYEs 31 August 2013 and 31 August 2014 as there were no FFB production from the Sastat Estate during those years.

After-tax loss reduced from RM3,475 for the FYE 31 August 2013 to RM3,220 for the FYE 31 August 2014, representing a decrease of 7.34% due to lower administrative expenses incurred.

FYE 31 August 2015 vs. FYE 31 August 2014

SHSB recorded a revenue of RM93,428 for the FYE 31 August 2015 due to the production of 346 MT of FFB from the Sastat Estate. SHSB registered a pre-tax profit of RM47,471 after taking into account the operating expenses of approximately RM42,017, and a after-tax profit of RM6,517 which was due to the underprovision of deferred taxation of RM40,954 relating to plantation and development expenditure from the FYE 31 August 2014.
FYE 31 August 2016 vs. FYE 31 August 2015

Revenue increased from RM93,428 for the FYE 31 August 2015 to RM594,692 for the FYE 31 August 2016, representing a 536.52% increase, mainly due to elevation in FFB production from the Sastat Estate from 346 MT to 1,854 MT.

SHSB registered a pre-tax loss of RM107,101 due to an increase in operating expenses from RM42,017 for the FYE 31 August 2015 to RM694,095 for the FYE 31 August 2016. The increase in the operating expenses was mainly due to the amortisation of biological asset for matured areas, rental of wharf for the transportation of FFB to oil mill, harvesting of FFB and weeding for planted areas.

There were no exceptional and/or extraordinary items reported in the audited financial statements of SHSB for the financial years under review. There have been no peculiar accounting policies adopted by SHSB and there have been no audit qualifications reported in the audited financial statements of SHSB during the financial years under review.