

## **Subject: ANNOUNCEMENT ON RECURRENT RELATED PARTY TRANSACTIONS**

Rimbunan Sawit Berhad (“RSB” or “the Company”) wishes to announce on the recurrent related party transactions of a revenue and/or trading nature (“RRPTs”) entered into between RSB Lundu Palm Oil Mill Sdn. Bhd., R. H. Plantation Sdn. Bhd. and RSB Palm Oil Mill Sdn. Bhd., wholly-owned subsidiaries of RSB (“Subsidiaries”) and the related parties, R H Lundu Palm Oil Mill Sdn. Bhd. and Borneo Edible Oils Sdn. Bhd. (“the Related Parties”).

### **Introduction**

RSB wishes to announce on the following RRPTs entered into between RSB Group and the following Related Parties:

<b>Name of Related Parties</b>	<b>Nature of RRPTs</b>	<b>Amount of RRPTs</b>
R H Lundu Palm Oil Mill Sdn. Bhd. (“R H Lundu”)	Contract fee income	RM5,668,685.16
Borneo Edible Oils Sdn. Bhd. (“BEO”)	Sales of Crude Palm Oil	RM6,627,845.42
Borneo Edible Oils Sdn. Bhd. (“BEO”)	Handling fee income	RM129,769.14

The above amount of which by way of aggregation, has exceeded the prescribed limit of 1% of the total net assets of RSB Group as at 31 December 2016 in respect of the recurrent transactions entered into for the period from 17 October 2017 to 8 March 2018.

### **Nature of RRPTs**

The RRPT entered into by the Subsidiaries are in the ordinary course of business. They are recurring transactions of a revenue and/or a trading nature which was occurred with some degree of frequency and arise at any time and from time to time. These RRPTs are made on an arm’s length basis and on normal commercial terms which are not prejudicial to the interest of the minority shareholders and are on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

### **Rationale of RRPTs**

The rationale for the Subsidiaries to enter into the RRPTs are to take advantage of efficiencies in business dealings, in particular competitive prices and shorter delivery time. The RRPTs met the business needs of the Subsidiaries at the best possible terms. By transacting with the Related Parties, the Subsidiaries would have an advantage of familiarity with the background, financial well-being and management of the related parties thus enabling more informed commercial decisions to be made. In dealings with the Related Parties, both parties have a good understanding of each other’s business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

### **Effect of RRPTs on RSB**

The RRPTs are not expected to have any material effect on the earnings per share, net assets per share and gearing of RSB Group. The RRPTs have no effect on the share capital and substantial shareholders’ shareholding of RSB.

### **The nature and extent of the interests of the interested directors and interested major shareholders**

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King (“Tan Sri Tiong”) is the director and major shareholder of RSB. He is deemed interested in the RRPTs by virtue of his directorship and substantial interests in R H Lundu and BEO.

Tan Sri Tiong is also a brother to Datuk Tiong Thai King who is also a director and substantial shareholder of BEO.

Messrs. Tiong Kiong King, Tiong Chiong Ong and Tiong Chiong Ie are the Directors of RSB. They are deemed interested in the RRPTs by virtue of their family relationships with Tan Sri Tiong.

### **Whether the RRPTs are subject to the approval of shareholders and the relevant government authorities**

The RRPTs are not subject to the approval of shareholders and the relevant government authorities.

### **Statement by Audit Committee**

The Audit Committee having considered the nature and rationale for the RRPTs and all aspects of the RRPTs, was of the view that the RRPTs are in the best interests of the Company, fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders as the RRPTs were entered into in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public.

### **Statement by Directors**

The Board of Directors, saved for Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, Mr. Tiong Kiong King, Mr. Tiong Chiong Ong and Mr. Tiong Chiong Ie, having considered all aspects of the RRPTs, were of the opinion that the RRPTs are in the best interests of the Company and not detrimental to the interests of the minority shareholders.

This announcement is dated 12 March 2018.