

RIMBUNAN SAWIT BERHAD (“RSB” or “Company”)

RELATED PARTY TRANSACTION – PROPOSED DISPOSAL OF THREE (3) PARCELS OF LAND REGISTERED AS LOT 872, 873 AND 874, BLOCK 10 SIBU TOWN DISTRICT TOGETHER WITH ONE (1) UNIT EACH OF FOUR (4)-STOREY COMMERCIAL SHOPHOUSE ERECTED THEREON AND ALL THE FIXTURES AND FITTINGS RELATING THERETO BY R. H. PLANTATION SDN. BHD. TO GOLDEN STAR ACE SDN. BHD. (“PROPOSED DISPOSAL”)

1.0 INTRODUCTION

Pursuant to Paragraph 10.08 (1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, the Board of Directors of Rimbunan Sawit Berhad wishes to announce that on 31 December 2018, its wholly owned subsidiary, R. H. Plantation Sdn. Bhd. (Company No.153619-A) (“RHP” or “Vendor”) has entered into three (3) sale and purchase agreements (“SPA”) with Golden Star Ace Sdn. Bhd. (Company No.487189-U) (“GSA” or “Purchaser”) to sell three (3) parcels of land together with one (1) unit each of four (4)-storey commercial shophouse erected thereon and the fixtures and fittings relating thereto (“Property”) for a total cash consideration of RM4,300,000.

2.0 INFORMATION OF THE VENDOR

RHP was incorporated as a private limited company in Malaysia on and having its registered office at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak with a total share capital of RM50,000,000.00. The Vendor is actively operating the palm oil mill and oil palm estates.

RHP is a wholly-owned subsidiary of RSB. The Directors of the Vendor are Tan Sri Sir Diong Hiew King @ Tiong Hiew King, Datuk Tiong Thai King and Tiong Chiong Ong.

3.0 INFORMATION OF THE PURCHASER

GSA was incorporated as a private limited company in Malaysia and having its registered office at No.79-81, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak with a total paid up capital of RM1,000,000.00. The company is principally engaged in the business cultivation of oil palm estate and palm oil mill.

The Directors of Purchaser are Tan Sri Sir Diong Hiew King @ Tiong Hiew King, Tiong Choon, and Ko Yeu Ying.

4.0 INFORMATION ON THE PROPERTY

The Vendor is the registered owner in the Lease of State Lands for the three (3) parcels of land registered as Lot 872, Lot 873 and Lot 874 which are contiguous to each other and are located in Block 10 Sibul Town District, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak. The total size of the land are more or less 580.5 square meter and the tenure will be expired on 6th September 2071. The acquisition was performed in year 2005 and 2008.

Three (3) units of four (4)-storey commercial shophouses were erected on each parcel of land from year 1998. Major renovation, furniture and fittings and facilities were acquired during the time when the commercial shophouses were occupied by the Company and its group of companies (“RSB Group”) as registered office until end of year 2014.

As at the day of the execution of the SPA, the commercial shophouses are currently let out to two (2) different tenants for a total monthly rental income of RM5,800. Upon completion of the Proposed Disposal, the tenants are expected to discontinue the tenancy and the shophouses will be vacant.

The net book value of the Property based on the latest unaudited financial statements of the Vendor is RM1,776,308.

The Property is free from all encumbrances as at the date of SPA.

5.0 ORIGINAL COST AND DATES OF INVESTMENT

The original cost and dates of investment by the Vendor to acquire the Property are as follows:

<u>Date of investment</u>	<u>Amount</u>
	RM
30 December 2005	2,005,000
4 November 2008	750,000
November 2006 to March 2012	^(a) 919,664
TOTAL	3,674,664

Note:

^(a) *The costs relating to renovation, fixture and fittings and equipment and facilities for the utilization as offices.*

6.0 DISPOSAL CONSIDERATION

The disposal consideration for the Proposed Disposal was arrived at on willing-buyer and willing-seller basis after taking into consideration of the market value, location and vicinity of the Property as well the recent soft property market sentiment.

No valuation was carried out on the Property.

7.0 SALIENT TERMS OF THE SPAS

(a) Loan

The Purchaser may apply for loan to assist to finance the purchase of the said Properties

(b) Mode of Payment

The Purchase Price shall be paid in the following manner, viz:-

- i. a sum of **RINGGIT MALAYSIA FOUR HUNDRED AND THIRTY THOUSAND (RM430,000.00)** only (hereinafter referred to as "**the Deposit**") to be paid to the Vendor upon the execution of this Agreement being deposit cum part payment of the Purchase Price, the receipt of which sum the Vendor hereby acknowledges; and
- ii. the balance sum of **RINGGIT MALAYSIA THREE MILLION EIGHT HUNDRED AND SEVENTY THOUSAND (RM3,870,000.00)** only (hereinafter referred to as "**the Balance Sum**") being the balance thereof shall be paid by the Purchaser and/or their financier (if any) to Solicitor as stakeholder within three (3) months from the date hereof (the last day of which shall hereinafter referred to as "**the Completion Date**") for payment out to the Vendor upon the issuance of the "Form L" by the **Sibu** Land Registry accepting for registration simultaneously:-

*Memorandum of Transfer in respect of the said Property in favour of the Purchasers; and/or

*Memorandum of Charge in respect of the said Property in favour of the financier which provides the loan to end-finance this purchase (if applicable);

- (c) In the event the Purchaser is still unable to effect payment of the Balance Sum to the Solicitor on or before the Completion Date, the Vendor shall further extend the Completion Date for a further one (1) month free from interest (hereinafter referred to as "**the Extended Period**").

8.0 USE OF PROCEEDS

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

<u>Description of use of proceeds</u>	<u>Estimated timeframe for utilization from the receipt of proceeds</u>	<u>Amount</u>
		RM
Stamp duty	Within 1 months	55,500
RPGT	Within 2 months	77,200
Legal and professional fees	Within 3 months	11,500
Working capital	Within 12 months	4,155,800
TOTAL		4,300,000

9.0 EFFECTS FROM THE PROPOSED DISPOSAL

9.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Disposal will not have any effect on the share capital and substantial shareholders' shareholdings of RSB as it does not involve issuance of new shares.

9.2 Net Assets ("NA") Per Share and Gearing

For illustrative purposes only, based on the audited consolidated statement of financial position of the Company as at 31 December 2017 and on the assumption that the Proposed Disposal had been affected on that date, the pro-forma effects of the Proposed Disposal on the consolidated net assets and gearing of the Company are as per follows:

	<u>Audited as at 31 December 2017</u>	<u>After the Proposed Disposal</u>
	RM	RM
Share capital	807,129,190	807,129,190
Reserves	(189,625,390)	(187,101,698)
NA attributable to equity holder of the Company	617,503,800	620,027,492
Non-controlling interest	14,577,667	14,557,667
Total Equity	<u>632,081,467</u>	<u>634,585,159</u>
No. of RSB shares	1,418,487,551	1,418,487,551
NA per RSB share (RM)	0.39	0.39
No. of irredeemable preference shares	164,876,929	164,876,929
Total borrowings	584,853,482	584,853,482
Gearing	0.93	0.93

*Expected gain from the Proposed Disposal is RM2,523,692.

9.3 Earnings and Earnings Per RSB Share

The Company and its group of companies recorded audited consolidated loss after tax of approximately RM155.7 million for the Financial Year Ended 31 December 2017. The Proposed Disposal will have no material impact on the earnings and earnings per RSB share.

10.0 RATIONALE OF THE PROPOSED DISPOSAL AND BENEFITS WHICH EXPECTED TO ACCRUE TO RSB

The disposed shophouses were initially purchased for own use as corporate office. Due to our office expansion, we moved to the current office building in year 2015.

The disposal will enhance the current operational working capital requirement especially during this low CPO price season and also to release capital from unutilized assets.

11.0 LIABILITIES TO BE ASSUMED BY GSA

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

12.0 RSK FACTOR

The Board of Directors of RSB does not foresee any material risk factors arising from the Proposed Disposal.

13.0 APPROVAL REQUIRED

The Proposed Disposal is not subject to approval of shareholders of RSB.

14.0 INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS OR SHAREHOLDERS

Saves as disclosed below, none of our directors and/or major shareholders as well as persons connected with them has any interest, direct or indirect, in the Proposed Disposal:

Tan Sri Sir Diong Hiew King @ Tiong Hiew King is the director and major shareholder of RSB and also director and shareholder of GSA by virtue of his substantial interest in GSA.

Pertumbuhan Abadi Asia Sdn. Bhd., the major shareholder of RSB, is also the shareholder of GSA by virtue of its substantial indirect interest in GSA.

Ko Yeu Ying and Tiong Choon are the directors of GSA and also the persons connected with Tan Sri Diong Hiew King @ Tiong Hiew King by virtue of their family relationship.

15.0 STATEMENT BY THE AUDIT & RISK MANAGEMENT COMMITTEE

The Audit Committee of RSB (saved for Tiong Kiong King who has abstained to the Proposed Disposal), after having considered all aspects of the Proposed Disposal, including but not limited to the rationale and benefits of the Proposed Disposal, salient terms of the SPA, basis and justification for the disposal consideration and the effects of the Proposed Disposal, is off the view that the Proposed Disposal are:

- (a) in the best interest of RSB;
- (b) fair, reasonable and on normal commercial terms, and;
- (c) not detrimental to the interest of non-interested shareholders.

16.0 STATEMENT BY THE BOARD

Our Board (saved for the interested director), having considered, among others, the rationale and benefits of the Proposed Disposal, salient term of the SPA and basic and justification of the Disposal consideration, is of the opinion that the Proposed Disposal is in the best interest of our Company.

17.0 TRANSACTION WITH THE RELATED PARTY FOR THE PAST 12 MONTHS

Save for the Proposed Disposal, our Company has not entered into any transaction with the related party for the past 12 months.

18.0 TENTATIVE TIMETABLE

The Proposed Disposal is expected to be completed with 3 months from the date of SPA.

19.0 HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the transaction pursuant to paragraph 10.02(g) of MMLR is 0.70 %.

20.0 DOCUMENT FOR INSPECTION

The SPA for the Proposed Disposal is available for inspection at the registered office of the Company at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000, Sibu, Sarawak during normal business office hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this Announcement.

This announcement is dated 31 December 2018.