

SUBJECT: PROPOSED DISPOSAL OF ONE (1) PARCELS OF LAND REGISTERED AS LOT.2. BLOCK 11, TERAJA LAND DISTRICT AN OIL PALM PLANTATION ESTATE ERECTED THEREON AND ALL INFRASTRUCTURE THERETO BY LUMIERA ENTERPRISE SDN. BHD. TO BIOGREEN SUCCESS SDN. BHD. (“PROPOSED DISPOSAL”)

1. INTRODUCTION

Rimbunan Sawit Berhad (“RSB”) wishes to announce that its wholly-owned subsidiary, namely Lumiera Enterprise Sdn. Bhd. (“Lumiera”) had on 22 January 2020 entered into a Sale and Purchase Agreement (“SPA”) with Biogreen Success Sdn. Bhd. (“Biogreen”) to dispose all that parcel of land situated at Along Batang Baram, Baram containing an area of 4,698.2 hectares, more or less and described as Lot 2, Block 11, Teraja Land District (hereinafter referred to as “**the said Land**”) together with the oil palm plantation, its facilities, infrastructures, improvements, immovable assets but excluding the movable assets thereon (hereinafter collectively referred to as “**the Property**”) for a total cash consideration of Ringgit Malaysia Eighty Five Million (RM85,000,000) (“**Proposed Disposal**”).

2. INFORMATION ON LUMIERA

Lumiera is a company incorporated and registered under the Companies Act, 1965 (which Act had been repealed and replaced with Companies Act 2016) and having its registered office at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak.

3. INFORMATION ON BIOGREEN

Biogreen is a company incorporated and registered under the Companies Act, 1965 (which Act had been repealed and replaced with Companies Act 2016) and having its registered office at Bangunan Hung Ann, No. 1, Jalan Bujang Suntong, 96000 Sibul, Sarawak.

The Directors and substantial shareholder of Biogreen and the shareholdings as at 22 January 2020 are as follows:

Directors and shareholders	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
<u>Shareholder</u>				
WTK Holdings Bhd.	5,000,000	100%	-	-
<u>Directors</u>				
Datuk Wong Kie Yik	-	-	5,000,000	100%
Dato' Sri Patrick Wong Haw Yeong	-	-	-	-

4. INFORMATION ON THE LAND

The original cost of investment of the Land and date of investment are RM31.018 million and 22 December 2009 respectively. The expected gain from the Proposed Disposal is RM0.9 million.

There were no liability including contingent liability which remain with RSB and no guarantee will be given by RSB to Biogreen in relation to the Proposed Disposal.

The details of the Property are as follows:

Postal address	North Wing, Menara Rimbunan hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak
Description	Lot 2, Block 11, Teraja Land District
Land tenure	5 March 2001 to 14 March 2061
Land area	4,698.2 hectares
Market value appraised by Henry Butcher (Malaysia) Sdn Bhd.	RM102,000,000.00 (Dated 1 July 2019)
Encumbrances *	The Land is charged to Malayan Banking Berhad for RM14,000,000.00, RM14,000,000.00, RM14,000,000.00, RM14,000,000.00 and RM1,000,000.00 vide Instruments No. L. 1399/2007, L. 1400/2007, L. 1401/2007, L. 1402/2007 and L. 1403/2007 all of 02-02-2007 (includes caveat) respectively.
Present and future usage of the estate	Plantation
Type of estate	Oil Palm Plantation
Maturity of trees	5 to 7 years
Fresh Fruit Bunches production for the past 3 years (MT)	a) 2017: 13,090.17 b) 2018: 19,443.30 c) 2019: 15,455.66

5. BASIS OF AND JUSTIFICATION FOR THE SALE CONSIDERATION

The total sale consideration of RM85 million was arrived at on a “willing buyer willing seller” basis. In addition, it is also in reference to the estate’s value in use and valuation report on the estate dated 1 July 2019 prepared by Henry Butcher (Malaysia) Sdn Bhd.

The Board is of the view that the sales consideration is justifiable after taking into consideration the following:

- a) The Lumiera estate is located across the Batang Baram River which is difficult to access by road.
- b) The location of the Lumiera estate is remote and not as strategic as compare to others RSB’s Group estate.

6. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The cash proceeds from the Proposed Disposal is to bring down short-term bank borrowings and to strengthen the Group’s cash flow position. It is part of the Group’s rationalization plan to further streamline and to better manage its portfolio of oil palm estate.

7. UTILISATION OF PROCEEDS

The sale proceeds and the breakdown are as below:

No.	Purpose	Proposed Utilisation (RM 'mil)
1.	Repayment of Lumiera Credit Facilities	30.5
2.	Repayment of advances	30.0
3.	Working capital and defray expenses relating to Corporate Proposals	24.5
	Total	85.0

The sales proceeds will be fully utilized within six (6) months from the completion date of the Proposed Disposal.

8. EFFECT OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have material effect on the earnings per share, net assets per share and gearing for the year ending 31 December 2020.

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

9. APPROVAL/CONSENT REQUIRED

The Proposed Disposal is not subject to approval of the shareholders and the relevant authority.

10. INTEREST OF DIRECTORS, MAJORITY SHAREHOLDER AND PERSON CONNECTED WITH THEM

None of the Directors or major shareholder or their person connected have any interest, direct or indirect, in the Proposed Disposal.

11. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of RSB, having considered the rationale and all other aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of RSB Group.

12. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in 3rd quarter of 2020.

13. THE DATE ON WHICH THE TERMS OF THE PROPOSED DISPOSAL WERE AGREED UPON

The terms of the Proposed Disposal were agreed upon on 22 January 2020.

14. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 17.52%.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the valuation report dated 1 July 2019 are available for inspection for three (3) months from the date of this announcement during normal business hours at the Registered Office of RSB at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak.

This announcement is dated 22 January 2020.