

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, including the valuation reports and valuation certificate, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Registration No. 200501014346 (691393-U))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- I. **PROPOSED DISPOSAL OF A PARCEL OF AGRICULTURAL LAND DESCRIBED AS LOT 56 SAWAI LAND DISTRICT, MIRI, SARAWAK MEASURING APPROXIMATELY 4,857.00 HECTARES TOGETHER WITH THE OIL PALM PLANTATION AND BUILDINGS ERECTED THEREON, KNOWN AS THE SELANGOR ESTATE, BY R. H. PLANTATION SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF RIMBUNAN SAWIT BERHAD ("RSB" OR THE "COMPANY"), TO MAHAWANGSA SUNGAI BOK PLANTATION SDN BHD (FORMERLY KNOWN AS HUA SENG PLANTATION SDN BHD) ("MSBPSB") FOR A DISPOSAL CONSIDERATION OF RM90.00 MILLION TO BE SATISFIED ENTIRELY IN CASH; AND**
- II. **PROPOSED DISPOSAL OF 4 PARCELS OF AGRICULTURAL LAND DESCRIBED AS LOTS 4 AND 6, BOTH OF BLOCK 9 DULIT LAND DISTRICT, MIRI, SARAWAK AND LOTS 101 AND 102, BOTH OF SAWAI LAND DISTRICT, MIRI, SARAWAK, COLLECTIVELY MEASURING APPROXIMATELY 5,077.66 HECTARES, EACH WITH OIL PALM PLANTATION AND BUILDINGS ERECTED THEREON, KNOWN AS THE JAYAMAX ESTATE, BY JAYAMAX PLANTATION SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF RSB, TO MSBPSB FOR A DISPOSAL CONSIDERATION OF RM75.00 MILLION TO BE SATISFIED ENTIRELY IN CASH**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The extraordinary general meeting ("**EGM**") of RSB will be held at Level 2, North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak on Monday, 8 April 2024 at 12.30 p.m. or any adjournment thereof. The Notice of EGM and Form of Proxy are enclosed in this Circular and can be downloaded from the website of Bursa Securities at <https://www.bursamalaysia.com>.

If you wish to appoint a proxy to attend, participate, speak and vote on your behalf at the EGM, you may deposit the Form of Proxy at the registered office of RSB at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The last day, date and time for lodging the Form of Proxy is Saturday, 6 April 2024 at 12.30 p.m., after which the Form of Proxy shall not be treated as valid. The lodgement of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 6 April 2024 at 12.30 p.m.

Date and time of the EGM : Monday, 8 April 2024 at 12.30 p.m.

This Circular is dated 22 March 2024

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

"Act"	:	Companies Act, 2016
"Board"	:	The board of Directors of RSB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular dated 22 March 2024 in relation to the Proposed Disposals
"CSPAs"	:	Collectively, the CSPA 1 and the CSPA 2
"CSPA 1"	:	Conditional sale and purchase agreement dated 21 December 2023 entered into between RHPSB and MSBPSB for the Proposed Disposal 1
"CSPA 1 Unconditional Date"	:	The date when all the conditions precedent of the CSPA 1 are fulfilled and the CSPA 1 ceases to be conditional
"CSPA 2"	:	Conditional sale and purchase agreement dated 21 December 2023 entered into between JPSB and MSBPSB for the Proposed Disposal 2
"CSPA 2 Unconditional Date"	:	The date when all the conditions precedent of the CSPA 2 are fulfilled and the CSPA 2 ceases to be conditional
"DCF Method"	:	Discounted cash flow method
"Directors"	:	A natural person who holds directorship in an executive or a non-executive capacity within the Group, within the meaning of Section 2(1) of the Act and has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007, which for the avoidance of doubt excludes an alternate director, and includes any person who is or was, within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive of RSB, its subsidiary or holding company as per Paragraph 10.02(c) of the Listing Requirements
"Disposal Considerations"	:	Collectively, the Disposal Consideration 1 and the Disposal Consideration 2
"Disposal Consideration 1"	:	The disposal consideration for the Proposed Disposal 1 of RM90,000,000, which will be satisfied entirely in cash
"Disposal Consideration 2"	:	The disposal consideration for the Proposed Disposal 2 of RM75,000,000, which will be satisfied entirely in cash
"Disposal Land"	:	Collectively, the Selangor Estate and the Jayamax Estate
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per Share
"FFB"	:	Fresh fruit bunches

DEFINITIONS (CONT'D)

"FYE"	:	Financial year ended/ending, as the case may be
"Henry Butcher (Miri)" or the "Valuer"	:	Henry Butcher Malaysia (Miri) Sdn Bhd, the independent valuer for the Disposal Land
"Jayamax Estate"	:	4 parcels of agricultural land described as Lots 4 and 6, both of Block 9 Dulit Land District, Miri, Sarawak and Lots 101 and 102, both of Sawai Land District, Miri, Sarawak, collectively measuring approximately 5,077.66 hectares, each with oil palm plantation and buildings erected thereon
"JPSB"	:	Jayamax Plantation Sdn Bhd, a wholly-owned subsidiary of RSB, being the vendor of the Jayamax Estate in respect of the Proposed Disposal 2
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	8 March 2024, being the latest practicable date prior to the date of this Circular
"LPS"	:	Loss per Share
"MSBPSB" or the "Purchaser"	:	Mahawangsa Sungai Bok Plantation Sdn Bhd (<i>formerly known as Hua Seng Plantation Sdn Bhd</i>), being the purchaser of the Disposal Land in respect of the Proposed Disposals
"NA"	:	Net assets
"NBV"	:	Net book value
"Proposed Disposals"	:	Collectively, the Proposed Disposal 1 and the Proposed Disposal 2
"Proposed Disposal 1"	:	Proposed disposal of the Selangor Estate by RHPSB to MSBPSB for a disposal consideration of RM90,000,000 to be satisfied entirely in cash
"Proposed Disposal 2"	:	Proposed disposal of the Jayamax Estate by JPSB to MSBPSB for a disposal consideration of RM75,000,000 to be satisfied entirely in cash
"RHB Investment Bank" or the "Principal Adviser"	:	RHB Investment Bank Berhad
"RHPSB"	:	R. H. Plantation Sdn Bhd, a wholly-owned subsidiary of RSB, being the vendor of the Selangor Estate in respect of the Proposed Disposal 1
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"RPGT Act"	:	Real Property Gains Tax Act, 1976
"RSB" or the "Company"	:	Rimbunan Sawit Berhad
"RSB Group" or the "Group"	:	RSB and its subsidiaries
"RSB Shares" or "Shares"	:	Ordinary shares in RSB

DEFINITIONS (CONT'D)

"Selangor Estate"	:	A parcel of agricultural land described as Lot 56 Sawai Land District, Miri, Sarawak measuring approximately 4,857.00 hectares together with the oil palm plantation and buildings erected thereon
"Supplementary Agreements"	:	Collectively, the Supplementary Agreement 1 and the Supplementary Agreement 2
"Supplementary Agreement 1"	:	Supplementary agreement to the CSPA 1 dated 21 February 2024 entered into between RHPSB and MSBPSB to vary the mode of settlement of the balance Disposal Consideration 1 in respect of the Proposed Disposal 1
"Supplementary Agreement 2"	:	Supplementary agreement to the CSPA 2 dated 21 February 2024 entered into between JPSB and MSBPSB to vary the mode of settlement of the balance Disposal Consideration 2 in respect of the Proposed Disposal 2
"Valuation Certificate"	:	The valuation certificate dated 8 January 2024 issued by the Valuer in respect of the Selangor Estate and the Jayamax Estate
"Valuation Reports"	:	Collectively, the Valuation Report 1 and the Valuation Report 2
"Valuation Report 1"	:	The valuation report dated 8 January 2024 issued by the Valuer in respect of the Selangor Estate
"Valuation Report 2"	:	The valuation report dated 8 January 2024 issued by the Valuer in respect of the Jayamax Estate
"Vendors"	:	Collectively, RHPSB and JPSB

References to "our Company" in this Circular are to RSB and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force. Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in our annual reports or quarterly results, is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's and/or the Group's plans and objectives will be achieved.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	v
 LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSALS:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED DISPOSALS	2
3. INFORMATION ON THE DISPOSAL LAND	14
4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSALS	25
5. RISK FACTORS OF THE PROPOSED DISPOSALS	26
6. EFFECTS OF THE PROPOSED DISPOSALS	27
7. APPROVALS REQUIRED AND CONDITIONALITY	29
8. HIGHEST PERCENTAGE RATIO	30
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	30
10. ESTIMATED TIME FRAME FOR COMPLETION	30
11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	30
12. DIRECTORS' STATEMENT AND RECOMMENDATION	31
13. EGM	31
14. ADDITIONAL INFORMATION	31
 APPENDICES	
I. SALIENT TERMS OF THE CSPA 1 AND THE SUPPLEMENTARY AGREEMENT 1	32
II. SALIENT TERMS OF THE CSPA 2 AND THE SUPPLEMENTARY AGREEMENT 2	36
III. VALUATION CERTIFICATE	40
IV. ADDITIONAL INFORMATION	61
 NOTICE OF EGM	 ENCLOSED
FORM OF PROXY	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposals in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Disposals before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular												
Details of the Proposed Disposals	(i) <u>Proposed Disposal 1</u> The Proposed Disposal 1 entails the disposal of the Selangor Estate by RHPSB to MSBPSB for the Disposal Consideration 1 on an 'as is where is' basis, free from all encumbrances, but subject to the restrictions and conditions endorsed on the issue document of title of the Selangor Estate and upon the terms and conditions of the CSPA 1 and as varied by the Supplementary Agreement 1.	Section 2.1.1 of this Circular												
	(ii) <u>Proposed Disposal 2</u> The Proposed Disposal 2 entails the disposal of the Jayamax Estate by JPSB to MSBPSB for the Disposal Consideration 2 on an 'as is where is' basis, free from all encumbrances, but subject to the restrictions and conditions endorsed on the issue document of title of the Jayamax Estate and upon the terms and conditions of the CSPA 2 and as varied by the Supplementary Agreement 2.	Section 2.2.1 of this Circular												
Basis and justification of arriving at the Disposal Considerations	The Disposal Considerations for the Proposed Disposals were arrived at on a 'willing buyer-willing seller' basis and after taking into consideration the following:	Section 2.4 of this Circular												
	(i) the market values of the Disposal Land as appraised by the Valuer vide the Valuation Reports as set out below:													
	<table border="1"> <thead> <tr> <th>Disposal Land</th> <th>Valuation method</th> <th>Market value RM'000</th> </tr> </thead> <tbody> <tr> <td>Selangor Estate</td> <td>DCF Method</td> <td>84,800</td> </tr> <tr> <td>Jayamax Estate</td> <td>DCF Method</td> <td>73,000</td> </tr> <tr> <td>Total</td> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">157,800</td> </tr> </tbody> </table>	Disposal Land	Valuation method	Market value RM'000	Selangor Estate	DCF Method	84,800	Jayamax Estate	DCF Method	73,000	Total		157,800	
Disposal Land	Valuation method	Market value RM'000												
Selangor Estate	DCF Method	84,800												
Jayamax Estate	DCF Method	73,000												
Total		157,800												
	(ii) the aggregate NBV of the Disposal Land of approximately RM86.38 million based on the latest audited consolidated financial statements of the Group as at 31 December 2022; and													
	(iii) the rationale for the Proposed Disposals, further details of which are set out in Section 4 of this Circular.													

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Utilisation of proceeds	The total gross proceeds of RM165.00 million arising from the Proposed Disposals is intended to be utilised in the following manner:	Section 2.10 of this Circular

Proposed utilisation	Expected timeframe for utilisation upon completion of the Proposed Disposals	Proceeds from the Proposed Disposal 1		Proceeds from the Proposed Disposal 2		Total proceeds from the Proposed Disposals	
		RM'000	%	RM'000	%	RM'000	%
Partial repayment of interest-bearing borrowings	Immediately	50,000	55.56	36,106	48.14	86,106	52.18
New planting and replanting of oil palm	Within 12 months	10,000	11.11	9,100	12.13	19,100	11.58
Working capital requirements	Within 12 months	29,657	32.95	29,462	39.28	59,119	35.83
Defray estimated expenses in relation to the Proposed Disposals	Within 3 months	343	0.38	332	0.45	675	0.41
Total		90,000	100.00	75,000	100.00	165,000	100.00

Rationale and benefits of the Proposed Disposals	<p>The Group is undertaking the Proposed Disposals as part of its strategy to constantly evaluate its portfolio of investments and where possible seek opportunities to unlock and realise the value of its investments for the benefit of the shareholders of RSB. As illustrated in Section 3 of this Circular, the Disposal Land has been loss-making for the past 3 financial years up to the FYE 31 December 2022. The Proposed Disposals represents an opportunity for RSB Group to unlock the value of the Disposal Land at a premium to its respective market values.</p>	Section 4 of this Circular
---	---	----------------------------

Based on the Disposal Considerations and the latest audited NBV of the Disposal Land of approximately RM86.38 million as at 31 December 2022, RSB Group is expected to record a pro forma gain on disposal of approximately RM77.94 million pursuant to the Proposed Disposals.

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Rationale and benefits of the Proposed Disposals (Cont'd)	<p>The Proposed Disposals enables the Group to raise cash proceeds amounting to approximately RM165.00 million for the partial repayment of its interest-bearing borrowings which will among others, lower the Group's gearing level from 0.99 times to 0.61 times and improve the ability of the Group to borrow further should new business opportunities arise, as well as improve the Group's cash flow position due to lower interest expense. For illustrative purposes, the partial repayment of the Group's interest-bearing borrowings of approximately RM86.11 million is expected to result in an interest cost savings of approximately RM3.99 million per annum, as presented in Section 2.10, Note (1) of this Circular.</p> <p>In addition, part of the proceeds of the Proposed Disposals will be channelled towards the Group's business operations as it will be utilised for new planting and replanting of oil palm. In that regard, the Group will be able to conserve its internally generated funds to strengthen its financial position.</p>	Section 4 of this Circular
Risk factors of the Proposed Disposals	<p>The risk factors relating to the Proposed Disposals include the following:</p> <p>(i) Delay or non-completion of the Proposed Disposals</p> <p>Despite the execution of the CSPAs and the Supplementary Agreements, there can be no assurance that all the conditions precedent and terms and conditions as set out in the CSPAs and as varied by the Supplementary Agreements will be able to be fulfilled, and therefore, the Proposed Disposals may not be able to complete. There can also be no assurance that the Proposed Disposals can be completed within the timeframe set. Any delay or non-completion of the Proposed Disposals will delay or preclude RSB Group from receiving the Disposal Considerations and consequently affect the utilisation of proceeds in accordance with the manner as set out in Section 2.10 of this Circular, as well as depriving RSB Group from attaining the resultant benefits from the Proposed Disposals as set out in Section 4 of this Circular.</p> <p>(ii) Risk of scarcity of landbank</p> <p>The Proposed Disposals will result in a reduction of approximately 17.99% to the Group's total planted landbank after taking into consideration the Disposal Land's total planted area measuring approximately 7,642.89 hectares against the Group's total planted area as at the LPD of 42,478 hectares. Moving forward, the Group will continue to seek for opportunities to replenish and expand its plantation assets as well as to further grow its existing businesses.</p>	Section 5 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Risk factors of the Proposed Disposals (Cont'd)	<p>(iii) Political, economic and regulatory risk</p> <p>The future growth and financial performance of the Group could be affected by changes in among others, economic growth, taxation, accounting policies and standards, regulations, government policies and political stability. Any adverse developments in these conditions could negatively affect the oil palm plantation industry and affect the financial performance and growth of the Group.</p>	Section 5 of this Circular
Approvals required and conditionality	<p>The Proposed Disposals are subject to the following approvals being obtained:</p> <p>(i) from the shareholders of RSB at the forthcoming EGM for the Proposed Disposals by way of poll; and</p> <p>(ii) from the relevant authorities/parties, which form part of the conditions precedent of the CSPAs as mentioned in Appendices I and II of this Circular, namely:</p> <p>(a) the Director of Lands and Surveys Department of Sarawak for the consent to transfer the Disposal Land to MSBPSB;</p> <p>(b) the Superintendent of the Land and Survey Department of Sarawak, Miri Division for the consent to transfer the Disposal Land to MSBPSB; and</p> <p>(c) the Director of Lands and Surveys Department of Sarawak for the consent to charge the Disposal Land in favour of MSBPSB's financier.</p> <p>The Proposed Disposal 1 and the Proposed Disposal 2 are not conditional upon each other. The Proposed Disposals are also not conditional upon any other corporate exercise undertaken or to be undertaken by RSB Group.</p>	Section 7 of this Circular
Interests of Directors, major shareholders, chief executive and/or persons connected with them	<p>None of the directors, major shareholders, chief executive of RSB and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Disposals.</p>	Section 9 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Directors' statement and recommendation	<p>The Board (save for Tiong Chiong Ong who voluntarily abstained from deliberating on the Proposed Disposals), after having considered all aspects of the Proposed Disposals, including the basis and justification for arriving at the Disposal Considerations, salient terms of the CSPAs as varied by the Supplementary Agreements, rationale and benefits of the Proposed Disposals, the effects of the Proposed Disposals as well as the evaluation from the Valuer, is of the opinion that the Proposed Disposals are in the best interest of the Company.</p> <p>Tiong Chiong Ong has voluntarily abstained from deliberating on the Proposed Disposals as he is of the view that the Disposal Considerations are low, notwithstanding that it is higher than the market value of the Disposal Land.</p> <p>Accordingly, the Board (save for Tiong Chiong Ong) recommends that you VOTE IN FAVOUR of the resolutions pertaining to the Proposed Disposals to be tabled at the forthcoming EGM.</p>	Section 12 of this Circular

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Registration No. 200501014346 (691393-U))

(Incorporated in Malaysia)

Registered Office

North Wing, Menara Rimbunan Hijau
101, Pusat Suria Permata
Jalan Upper Lanang
96000 Sibu, Sarawak

22 March 2024

Board of Directors

Bong Wei Leong (*Chairman/Non-Independent Non-Executive Director*)
Tiong Chiong Ong (*Vice Chairman/Non-Independent Non-Executive Director*)
Tiong Chiong Ie (*Managing Director*)
Wong Ing Seng (*Non-Independent Non-Executive Director*)
Tiong Chiong Ee (*Non-Independent Non-Executive Director*)
Lau Kiing Yiing (*Independent Director*)
Lu Yieng Ping (*Independent Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED DISPOSALS

1. INTRODUCTION

On 21 December 2023, RHB Investment Bank had, on behalf of the Board, announced that the wholly-owned subsidiaries of RSB, namely RHPSB and JPSB, had on the same date entered into the CSPA 1 and the CSPA 2 respectively, to dispose of the Disposal Land for the Disposal Considerations to be satisfied entirely in cash.

Subsequently, on 21 February 2024, RHB Investment Bank had, on behalf of the Board, announced that the wholly-owned subsidiaries of RSB, namely RHPSB and JPSB, had on the same date entered into the Supplementary Agreement 1 and the Supplementary Agreement 2 respectively, to vary the mode of settlement of the balance Disposal Considerations. RHPSB and JPSB had entered into the Supplementary Agreements pursuant to MSBPSB's request to align the mode of settlement of the balance Disposal Considerations with the terms and timing of the credit facility that MSBPSB had obtained to part finance its acquisition of the Disposal Land.

Pursuant to the Supplementary Agreement 1, RHPSB and MSBPSB have agreed to vary the mode of settlement of the balance Disposal Consideration 1 as set out below:

No.	Clause no.	Existing clause	Revised clause
(i)	Clause 3.1.2	The balance disposal consideration of RM9.00 million shall be paid by MSBPSB to RHPSB as part payment on or before 20 February 2024	The balance disposal consideration of RM2.50 million shall be paid by MSBPSB to RHPSB as part payment within 7 days from the date of the Supplementary Agreement 1
(ii)	Clause 3.1.3	The balance disposal consideration of RM72.00 million shall be paid by MSBPSB to RHPSB within 3 months from the CSPA 1 Unconditional Date	The balance disposal consideration of RM78.50 million shall be paid by MSBPSB to RHPSB within 2 months from the CSPA 1 Unconditional Date

Pursuant to the Supplementary Agreement 2, JPSB and MSBPSB have agreed to vary the mode of settlement of the balance Disposal Consideration 2 as set out below:

No.	Clause no.	Existing clause	Revised clause
(i)	Clause 3.1.2	The balance disposal consideration of RM7.50 million shall be paid by MSBPSB to JPSB as part payment on or before 20 February 2024	The balance disposal consideration of RM2.50 million shall be paid by MSBPSB to JPSB as part payment within 7 days from the date of the Supplementary Agreement 2
(ii)	Clause 3.1.3	The balance disposal consideration of RM60.00 million shall be paid by MSBPSB to JPSB within 3 months from the CSPA 2 Unconditional Date	The balance disposal consideration of RM65.00 million shall be paid by MSBPSB to JPSB within 2 months from the CSPA 2 Unconditional Date

Further details of the Proposed Disposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED DISPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSALS

2.1 Proposed Disposal 1

2.1.1 Background information on the Proposed Disposal 1

The Proposed Disposal 1 entails the disposal of the Selangor Estate by RHPSB to MSBPSB for the Disposal Consideration 1 on an 'as is where is' basis, free from all encumbrances, but subject to the restrictions and conditions endorsed on the issue document of title of the Selangor Estate and upon the terms and conditions of the CSPA 1 and as varied by the Supplementary Agreement 1.

Please refer to Appendix I of this Circular for the salient terms of the CSPA 1 and the Supplementary Agreement 1.

2.1.2 Mode of settlement

The Disposal Consideration 1 shall be satisfied entirely in cash in the manner set out below:

Payment terms	Timing of settlement	Disposal consideration	
		RM	%
<u>Selangor Estate</u>			
• Deposit ⁽¹⁾	Paid to RHPSB by MSBPSB upon execution of the CSPA 1 on 21 December 2023, of which RM2,700,000 representing 3% of the Disposal Consideration 1, shall be retained by RHPSB's solicitors as the retention sum for payment to the Director General of Inland Revenue as required under the RPGT Act ⁽²⁾	9,000,000	10.00
• Part payment of the balance disposal consideration ⁽³⁾	Paid to RHPSB by MSBPSB on 28 February 2024, being within 7 days from the date of the Supplementary Agreement 1	2,500,000	2.78
• Balance disposal consideration ⁽³⁾	Payable to RHPSB by MSBPSB within 2 months from the CSPA 1 Unconditional Date, with a 1-month grace period subject to interest at the rate of 8% per annum, calculated on a daily basis on the balance disposal consideration during such grace period until full payment	78,500,000	87.22
Total		90,000,000	100.00

Notes:

- (1) *The deposit is refundable, free of interest, in the event any of the conditions precedent of the CSPA 1 are not obtained or fulfilled upon the terms contained therein and the CSPA 1 is terminated.*
- (2) *For shareholders' information, real property gains tax is chargeable in the event there is a gain arising from the disposal of real property after deducting all allowable expenses. Based on the management of RSB's records, the Proposed Disposal 1 would not be subject to the imposition of real property gains tax as the Disposal Consideration 1 is lower than the original cost of investment of RM118.00 million incurred by RHPSB in acquiring the Selangor Estate. Accordingly, there is no chargeable gain arising from the Proposed Disposal 1. On such basis, the retention sum of RM2,700,000 is not required to be remitted to the Director General of Inland Revenue under section 21B of the RPGT Act but shall be released by RHPSB's solicitors to RHPSB.*
- (3) *The balance disposal consideration shall be refundable (together with the interest charged at 8% per annum from the date of receipt of the balance disposal consideration by RHPSB) as pre-agreed liquidated damages in the event RHPSB fails, refuses or neglects, through no fault of MSBPSB, to complete the CSPA 1 and MSBPSB then decides to terminate the CSPA 1.*

2.2 Proposed Disposal 2

2.2.1 Background information on the Proposed Disposal 2

The Proposed Disposal 2 entails the disposal of the Jayamax Estate by JPSB to MSBPSB for the Disposal Consideration 2 on an 'as is where is' basis, free from all encumbrances, but subject to the restrictions and conditions endorsed on the issue document of title of the Jayamax Estate and upon the terms and conditions of the CSPA 2 and as varied by the Supplementary Agreement 2.

Please refer to Appendix II of this Circular for the salient terms of the CSPA 2 and the Supplementary Agreement 2.

2.2.2 Mode of settlement

The Disposal Consideration 2 shall be satisfied entirely in cash in the manner set out below:

Payment terms	Timing of settlement	Disposal consideration	
		RM	%
<u>Jayamax Estate</u>			
• Deposit ⁽¹⁾	Paid to JPSB by MSBPSB upon execution of the CSPA 2 on 21 December 2023, of which RM2,250,000 representing 3% of the Disposal Consideration 2, shall be retained by JPSB's solicitors as the retention sum for payment to the Director General of Inland Revenue as required under the RPGT Act ⁽²⁾	7,500,000	10.00
• Part payment of the balance disposal consideration ⁽³⁾	Paid to JPSB by MSBPSB on 28 February 2024, being within 7 days from the date of the Supplementary Agreement 2	2,500,000	3.33
• Balance disposal consideration ⁽³⁾	Payable to JPSB by MSBPSB within 2 months from the CSPA 2 Unconditional Date, with a 1-month grace period subject to interest at the rate of 8% per annum, calculated on a daily basis on the balance disposal consideration during such grace period until full payment	65,000,000	86.67
Total		75,000,000	100.00

Notes:

(1) *The deposit is refundable, free of interest, in the event any of the conditions precedent of the CSPA 2 are not obtained or fulfilled upon the terms contained therein and the CSPA 2 is terminated.*

(2) *For shareholders' information, real property gains tax is chargeable in the event there is a gain arising from the disposal of real property after deducting all allowable expenses. Based on the management of RSB's records, the Proposed Disposal 2 would not be subject to the imposition of real property gains tax as there is no chargeable gain arising from such disposal. Notwithstanding the Disposal Consideration 2 being higher than the original cost of investment of approximately RM40.38 million incurred by JPSB in acquiring the Jayamax Estate which results in a gain, there is an allowable loss arising from the Proposed Disposal 2 after deducting all allowable expenses from such gain.*

On such basis, the retention sum of RM2,250,000 is not required to be remitted to the Director General of Inland Revenue under section 21B of the RPGT Act but shall be released by JPSB's solicitors to JPSB.

- (3) *The balance disposal consideration shall be refundable (together with the interest charged at 8% per annum from the date of receipt of the balance disposal consideration by JPSB) as pre-agreed liquidated damages in the event JPSB fails, refuses or neglects, through no fault of MSBPSB, to complete the CSPA 2 and MSBPSB then decides to terminate the CSPA 2.*

2.3 Information on the parties

2.3.1 Information on MSBPSB

MSBPSB was incorporated in Malaysia under its former name of Hua Seng Plantation Sdn Bhd on 16 December 1997 under the Companies Act, 1965 as a private limited company and is deemed registered under the Act. On 19 December 2023, MSBPSB assumed its present name. MSBPSB is principally involved in oil palm plantation. It is a wholly-owned subsidiary of Tanah Mahawangsa Sdn Bhd.

As at the LPD, MSBPSB has an issued share capital of RM2,000,000 comprising 2,000,000 ordinary shares, all of which are held by Tanah Mahawangsa Sdn Bhd.

The director and shareholder of MSBPSB and their respective shareholdings in MSBPSB are set out below:

Director

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Tan Sri Yee Ming Seng	Malaysian	-	-	2,000,000 ⁽¹⁾	100.00

Note:

- (1) *Deemed interested by virtue of his interests in Tanah Mahawangsa Sdn Bhd pursuant to Section 8(4) of the Act.*

Shareholder

Name	Place of incorporation	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Tanah Mahawangsa Sdn Bhd	Malaysia	2,000,000	100.00	-	-

2.3.2 Information on RHPSB

RHPSB was incorporated in Malaysia on 29 May 1986 under the Companies Act, 1965 as a private limited company and is deemed registered under the Act. RHPSB is principally involved in the cultivation of oil palm and operation of palm oil mill. It is a wholly-owned subsidiary of RSB.

As at the LPD, RHPSB has an issued share capital of RM80,000,000 comprising 80,000,000 ordinary shares, all of which are held by RSB.

As at the LPD, the directors of RHPSB (all of whom are Malaysians) are set out below:

- Tiong Chiong Ong
- Datuk Tiong Thai King
- Ronald Tiong Chiong Kai
- Tiong Chiong Ie
- Wong Ing Seng

2.3.3 Information on JPSB

JPSB was incorporated in Malaysia on 6 October 1994 under the Companies Act, 1965 as a private limited company and is deemed registered under the Act. JPSB is principally involved in the cultivation of oil palm. It is a wholly-owned subsidiary of RSB.

As at the LPD, JPSB has an issued share capital of RM100,000,000 comprising 100,000,000 ordinary shares, all of which are held by RSB.

As at the LPD, the directors of JPSB (all of whom are Malaysians) are set out below:

- Tiong Chiong Ong
- Datuk Tiong Thai King
- Ronald Tiong Chiong Kai
- Tiong Chiong Ie
- Wong Ing Seng

2.4 Basis and justification of arriving at the Disposal Considerations

The Disposal Considerations for the Proposed Disposals were arrived at on a 'willing buyer-willing seller' basis and after taking into consideration the following:

- (i) the market values of the Disposal Land as appraised by the Valuer vide the Valuation Reports as set out below:

Disposal Land	Valuation method	Market value RM'000
Selangor Estate	DCF Method	84,800
Jayamax Estate	DCF Method	73,000
Total		157,800

- (ii) the aggregate NBV of the Disposal Land of approximately RM86.38 million based on the latest audited consolidated financial statements of the Group as at 31 December 2022; and

- (iii) the rationale for the Proposed Disposals, further details of which are set out in Section 4 of this Circular.

The Disposal Considerations represent the following premium to the market value as ascribed by the Valuer:

Disposal Land	Disposal consideration	Market value ascribed by the Valuer	Premium to market value
Selangor Estate	RM90.00 million (or RM18,529.96 per hectare)	RM84.80 million (or RM17,459.34 per hectare)	RM5.20 million (or 6.13%)
Jayamax Estate	RM75.00 million (or RM14,770.58 per hectare)	RM73.00 million (or RM14,376.70 per hectare)	RM2.00 million (or 2.74%)

In addition, the Disposal Considerations represent the following premium to the NBV of the Selangor Estate and the Jayamax Estate based on the latest audited consolidated financial statements of RSB Group as at 31 December 2022:

Disposal Land	Disposal consideration	Audited NBV as at 31 December 2022	Premium to the NBV
Selangor Estate	RM90.00 million	RM47.99 million	RM42.01 million (or 87.54%)
Jayamax Estate	RM75.00 million	RM38.39 million	RM36.61 million (or 95.36%)

2.5 Salient features of the Valuation Reports

The Vendors had appointed the Valuer to undertake an independent valuation on the Disposal Land and the Valuer had, vide its Valuation Reports, ascribed a market value of RM84.80 million for the Selangor Estate and RM73.00 million for the Jayamax Estate using the DCF Method, respectively.

Under the DCF Method, the annual income accruing to the Disposal Land is estimated based on forecasted yields and price of FFB. The estimated cost of production and other expenditure are then deducted therefrom to arrive at the net income, which is then capitalised at an appropriate rate of return for the remaining cropping life of the oil palm to obtain the value of the present crops. The scrub value or basic land value to which the land reverts at the end of the economic life of the cultivations is then added to the value of the present crops.

The Valuer had also adopted the comparison method to value the Disposal Land as a counter-check. The comparison method is the market approach comparing the Disposal Land with similar transactions of other oil palm plantations in the region. In comparing other oil palm plantations, due consideration is given to factors such as location/surrounding, accessibility/road frontage, land size, tenure, topography, soil and cultivations and any other relevant characteristics to arrive at the market value.

Please refer to Appendix III of this Circular for the Valuation Certificate.

2.6 Original cost and date of investment

The original cost and date of investment by the Vendors in the Disposal Land is set out below:

Disposal Land	Original date of investment	Original cost of investment RM'000
Selangor Estate	3 June 2011	118,000
Jayamax Estate	15 September 2010	40,378
Total		158,378

2.7 Pro forma gain on the Proposed Disposals

2.7.1 Pro forma gain on the Proposed Disposal 1

Based on the latest audited consolidated financial statements of RSB Group as at 31 December 2022, RSB Group is expected to realise an estimated one-off pro forma gain of approximately RM41.66 million in relation to the Proposed Disposal 1 as set out below:

	RM'000
Disposal Consideration 1	90,000
Less:	
- Audited NBV of the Selangor Estate as at 31 December 2022	47,996
- Estimated expenses in relation to the Proposed Disposal 1	343
Pro forma gain from the Proposed Disposal 1⁽¹⁾	41,661

Note:

- (1) *For shareholders' information, real property gains tax is chargeable in the event there is a gain arising from the disposal of real property after deducting all allowable expenses. Based on the management of RSB's records, the Proposed Disposal 1 would not be subject to the imposition of real property gains tax as the Disposal Consideration 1 is lower than the original cost of investment of RM118.00 million incurred by RHPSB in acquiring the Selangor Estate. Accordingly, there is no chargeable gain arising from the Proposed Disposal 1.*

2.7.2 Pro forma gain on the Proposed Disposal 2

Based on the latest audited consolidated financial statements of RSB Group as at 31 December 2022, RSB Group is expected to realise an estimated one-off pro forma gain of approximately RM36.28 million in relation to the Proposed Disposal 2 as set out below:

	RM'000
Disposal Consideration 2	75,000
Less:	
- Audited NBV of the Jayamax Estate as at 31 December 2022	38,386
- Estimated expenses in relation to the Proposed Disposal 2	332
Pro forma gain from the Proposed Disposal 2⁽¹⁾	36,282

Note:

- (1) *For shareholders' information, real property gains tax is chargeable in the event there is a gain arising from the disposal of real property after deducting all allowable expenses. Based on the management of RSB's records, the Proposed Disposal 2 would not be subject to the imposition of real property gains tax as there is no chargeable gain arising from such disposal. Notwithstanding the Disposal Consideration 2 being higher than the original cost of investment of approximately RM40.38 million incurred by JPSB in acquiring the Jayamax Estate which results in a gain, there is an allowable loss arising from the Proposed Disposal 2 after deducting all allowable expenses from such gain.*

2.8 Liabilities and guarantees

Save for the obligations and liabilities arising from or in connection with the CSPAs and the Supplementary Agreements pursuant to the Proposed Disposals as disclosed below and as set out in Appendices I and II of this Circular, there are no other liabilities, including contingent liabilities, to be assumed by RSB Group upon completion of the Proposed Disposals:

- (i) the procurement of the consent of the Director of Lands and Surveys Department of Sarawak to transfer the Disposal Land to MSBPSB, as stated in Section 1(i)(a) of Appendix I and Section 1(i)(b) of Appendix II of this Circular;
- (ii) the procurement of the consent of the Superintendent of the Land and Survey Department of Sarawak, Miri Division to transfer the Disposal Land to MSBPSB, as stated in Section 1(i)(b) of Appendix I and Section 1(i)(c) of Appendix II of this Circular;
- (iii) the redemption of the existing legal charges over the Disposal Land, as stated in Section 3 of Appendices I and II of this Circular; and
- (iv) the delivery of vacant possession of the Disposal Land, as stated in Section 5(i) of Appendices I and II of this Circular.

There are also no guarantees given by RSB Group to MSBPSB pursuant to the Proposed Disposals.

2.9 Salient terms of the CSPAs and the Supplementary Agreements

Please refer to Appendices I and II of this Circular for the salient terms of the CSPA 1 and the Supplementary Agreement 1, and the CSPA 2 and the Supplementary Agreement 2, respectively.

2.10 Utilisation of proceeds

The total gross proceeds of RM165.00 million arising from the Proposed Disposals is intended to be utilised in the following manner:

Proposed utilisation	Expected timeframe for utilisation upon completion of the Proposed Disposals	Proceeds from the Proposed Disposal 1		Proceeds from the Proposed Disposal 2		Total proceeds from the Proposed Disposals	
		RM'000	%	RM'000	%	RM'000	%
Partial repayment of interest-bearing borrowings ⁽¹⁾	Immediately	50,000	55.56	36,106	48.14	86,106	52.18
New planting and replanting of oil palm ⁽²⁾	Within 12 months	10,000	11.11	9,100	12.13	19,100	11.58
Working capital requirements ⁽³⁾	Within 12 months	29,657	32.95	29,462	39.28	59,119	35.83
Defray estimated expenses in relation to the Proposed Disposals ⁽⁴⁾	Within 3 months	343	0.38	332	0.45	675	0.41
Total		90,000	100.00	75,000	100.00	165,000	100.00

Notes:**(1) Partial repayment of interest-bearing borrowings**

RSB Group intends to allocate up to approximately RM86.11 million from the Disposal Considerations for the partial repayment of interest-bearing borrowings of the Group, including the redemption of the existing legal charges registered over the Disposal Land.

As at the LPD, the Group's total interest-bearing borrowings amounted to approximately RM328.53 million, details of which are set out below:

Type of facility	Purpose of facility	Interest rate per annum	Amount outstanding RM'000
Short-term borrowings			
Bank overdrafts	Working capital	7.50% - 7.90%	2,236
Bankers' acceptance	Working capital	3.91% - 4.79%	18,034
Lease liabilities	Leasing of warehouse, office and machinery	2.80% - 5.00%	1,517
Revolving credit	Working capital	4.12% - 5.65%	122,796
Term loans	Capital expenditure	4.12% - 5.65%	34,049
Loans	Capital expenditure	2.90%	2,563
Hire purchase	Purchase of motor vehicles and heavy machinery	3.40% - 3.50%	1,644
Sub-Total			182,839
Long-term borrowings			
Lease liabilities	Leasing of warehouse, office and machinery	2.80% - 5.00%	3,660
Term loans	Capital expenditure	4.12% - 5.65%	118,628
Loans	Capital expenditure	2.90%	20,470
Hire purchase	Purchase of motor vehicles and heavy machineries	3.40% - 3.50%	2,932
Sub-Total			145,690
Total			328,529

For shareholders' information, the Group's total cash and bank balances as at the LPD is approximately RM0.73 million. Based on the aforementioned, the Group's net interest-bearing borrowings as at the LPD amounted to approximately RM327.80 million.

The Group intends to partially repay its interest-bearing borrowings comprising short-term borrowings which includes bank overdrafts, bankers' acceptance, revolving credit and term loans. For illustrative purposes, the partial repayment of the Group's interest-bearing borrowings of approximately RM86.11 million is expected to result in an interest cost savings of approximately RM3.99 million per annum, which translates to an effective interest rate of approximately 4.63% per annum.

For shareholders' information, the Group intends to utilise part of the proceeds of RM86.11 million earmarked for the partial repayment of interest-bearing borrowings to settle the redemption sum of approximately RM10.11 million owing to Bank Pertanian Malaysia to discharge the legal charge registered over the Selangor Estate and approximately RM13.60 million owing to RHB Bank Berhad to discharge legal charge registered over the Jayamax Estate as at the LPD. Based on the prevailing interest rates of the credit facilities of approximately 4.12% to 4.37% per annum for the Selangor Estate credit facilities comprising revolving credit and short-term loan, and approximately 4.85% for the Jayamax Estate credit facility comprising revolving credit as at the LPD, the repayment of these credit facilities are expected to result in an estimated total interest cost savings of approximately RM0.40 million.

(2) **New planting and replanting of oil palm**

The Group intends to utilise up to approximately RM19.10 million for new planting and replanting of oil palm. As at the LPD, the Group has 16 oil palm estates located in Kuching, Sibul and Miri, Sarawak with a total planted area of 42,478 hectares, as well as 3 palm oil mills, of which 2 palm oil mills are located in Miri, Sarawak and 1 palm oil mill is located in Kuching, Sarawak.

The breakdown of the total planted hectareage of the Group is set out below:

Age cluster	Hectares
Matured (age in years)	
4 - 7 years	1,259
8 - 19 years	20,849
Above 20 years	17,794
Immature (1 - 3 years)	2,576
Total	42,478

The details of the Group's 16 oil palm estates together with the indicative areas in which the Group plans to undertake new and/or replanting of oil palm are set out below:

No.	Oil palm estates	Planted area Hectares	Unplanted area Hectares	Unplanted area Hectares	Total land area Hectares	Indicative land area for new planting and replanting Hectares
Selangau Zone						
(i)	PJP Pelita Selangau Plantation Sdn Bhd (Selangau Estate)	2,947.29	1,617.93	591.12	5,156.34	-
(ii)	Nescaya Palma Sdn Bhd (Nescaya Estate)	3,844.01	-	255.99	4,100.00	-
(iii)	Novelpac-Puncakdana Plantation Sdn Bhd (Novelpac Estate)	3,208.31	-	1,416.69	4,625.00	-
Lundu Zone						
(iv)	PJP Pelita Lundu Plantation Sdn Bhd (Lundu Estate)	4,222.32	-	3,146.40	7,368.72	-
(v)	PJP Pelita Biawak Plantation Sdn Bhd (Biawak Estate)	2,413.73	-	1,519.27	3,933.00	-
Miri Zone 1						
(vi)	RHPSB (Bakong Estate)	3,851.34	794.82	1,525.84	6,172.00	1,427.13
(vii)	RHPSB (Selangor Estate)	2,891.21	1,710.30	255.49	4,857.00	-

No.	Oil palm estates	Planted area Hectares	Unplanted area Hectares	Unplanted area Hectares	Total land area Hectares	Indicative land area for new planting and replanting Hectares
(viii)	Timrest Sdn Bhd (Timrest Estate)	4,889.90	1,336.31	1,671.79	7,898.00	1,629.22
(ix)	JPSB (Jayamax Estate)	4,751.68	20.85	305.13	5,077.66	-
Miri Zone 2						
(x)	PJP Pelita Ulu Teru Plantation Sdn Bhd (Ulu Teru Estate)	3,890.80	2,028.49	1,980.71	7,900.00	522.01
(xi)	PJP Pelita Ekang-Banyok Plantation Sdn Bhd (Ekong-Banyok Estate)	1,653.74	67.55	481.71	2,203.00	-
(xii)	Baram Trading Sdn Bhd (Baram Estate)	1,781.23	288.55	723.72	2,793.50	-
(xiii)	Pelita-Splendid Plantation Sdn Bhd (Splendid Estate)	347.65	77.65	750.70	1,176.00	-
Marudi Zone						
(xiv)	Sastat Holdings Sdn Bhd (Sastat Estate)	1,055.44	-	448.56	1,504.00	-
(xv)	Woodijaya Sdn Bhd (Woodijaya Estate)	41.06	1,598.13	541.81	2,181.00	-
(xvi)	Formasi Abadi Sdn Bhd (Formasi Estate)	1,309.20	1,422.81	653.99	3,386.00	-
Total		43,098.91	10,963.39	16,268.92	70,331.22	3,578.36

The Group anticipates to undertake new planting and replanting of approximately 3,578 hectares of oil palm in the oil palm estates set out above in year 2024 to improve the age profile of the Group's oil palm trees and to sustain its oil palm business for the long-term. In this connection, the activities include land preparation, planting and supplying, weeding and manuring over the 1-year period.

(3) Working capital requirements

The proceeds are proposed to be utilised towards the general working capital requirements of the Group, which include among others, payment for purchases of fertiliser and agrochemicals, staff and worker related expenses such as wages and salaries, and administrative expenses.

Premised on the above, the Group intends to utilise up to approximately RM59.12 million for its working capital requirements, the breakdown of which is set out below:

Working capital requirements	RM'000
Purchases of fertiliser and agrochemicals	22,747
Staff and workers related expenses such as wages and salaries	19,452
Administrative expenses	16,920
Total	<u>59,119</u>

The actual utilisation may vary and is dependent on the Group's working capital requirements at the relevant point in time.

(4) Defray estimated expenses in relation to the Proposed Disposals

The breakdown of the estimated expenses of approximately RM0.68 million in relation to the Proposed Disposals is set out below:

Estimated expenses	RM'000
Professional fees, valuation fees and legal fees	575
Other expenses including among others, regulatory fees, expenses to convene the EGM as well as printing, despatch and advertising	100
Total	<u>675</u>

In the event the actual expenses for the Proposed Disposals are higher than estimated, the deficit will be funded from the internally-generated funds of the Group. However, if the actual expenses for the Proposed Disposals are lower than estimated, the excess will be utilised for the amount allocated for the working capital requirements of the Group in the following priority:

- (i) purchases of fertiliser and agrochemicals;
- (ii) staff and workers related expenses such as wages and salaries; and
- (iii) administrative expenses.

Pending utilisation of the proceeds from the Proposed Disposals for the abovementioned purposes, the proceeds will be placed in interest-bearing accounts with licenced financial institution(s) or short-term money market instrument(s). The profit derived from the interest-bearing account(s) with licenced financial institution(s) and/or any gain arising from the short-term money market instrument(s) will be used for RSB Group's working capital requirements comprising among others, purchases of fertiliser and agrochemicals, staff and workers related expenses such as wages and salaries, and administrative expenses.

2.11 Cash company or Practice Note 17 of the Listing Requirements

The Proposed Disposals are not expected to result in RSB becoming a cash company or a Practice Note 17 company as defined under the Listing Requirements.

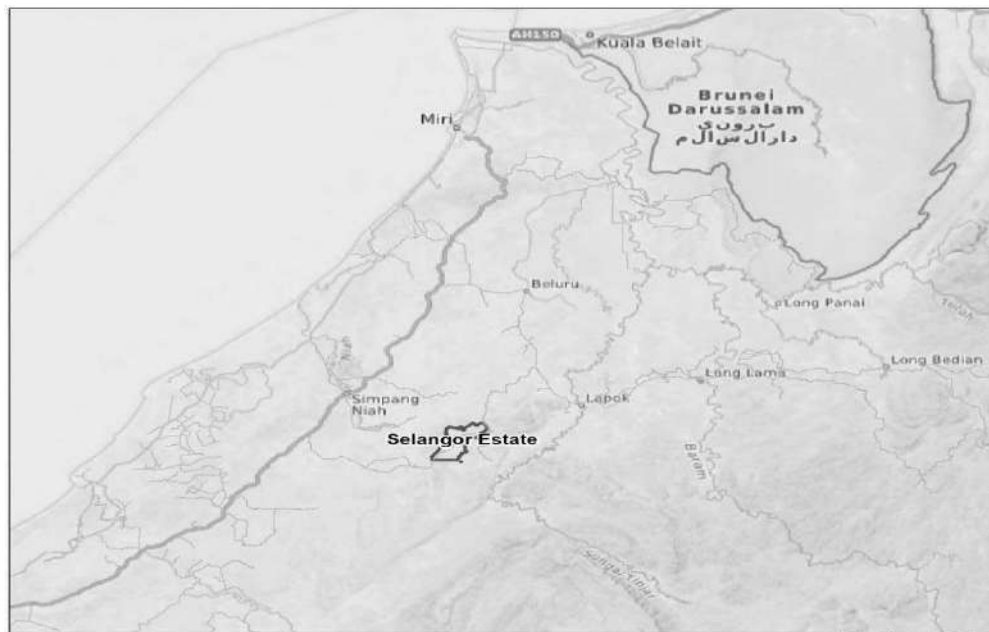
3. INFORMATION ON THE DISPOSAL LAND

3.1 Information on the Selangor Estate

The Selangor Estate is located approximately 105 kilometres south-east of Miri, Sarawak and is accessible from Miri by travelling approximately 99 kilometres along Miri-Bintulu Road, then turning onto the junction which intersects the neighbouring estates before arriving at the Selangor Estate's boundary. Alternatively, the Selangor Estate is accessible from Miri via the Miri-Bintulu Road for 45 kilometres, then heading onto Jalan Bukit Peninjau for 25 kilometres, Jalan Beluru/Long Teru for 22 kilometres followed by the trunk road which branches off to the RH Oil Palm Mill and RH Bakong Plantation Estate administration office and workers' quarters. From the RH Bakong Plantation Estate, the Selangor Estate is accessible via the internal estate road. The Selangor Estate is also accessible via the Timrest Plantation Estate by travelling on Miri-Bintulu Road for 89 kilometres, then turning onto Kong Tai Road which intersects 2 other plantation estates to arrive at the Timrest Plantation Estate. From the Timrest Plantation Estate, the Selangor Estate is accessible via the internal estate road.

The Selangor Estate is situated at Sungai Luai and Sungai Bawah, Niah which has been designated for agriculture development. The main agricultural activities in the vicinity are oil palm plantations with more secondary jungles being cleared and cultivated with oil palm trees.

The location of the Selangor Estate is depicted in the following site map:



(Source: Valuation Report 1)

Further information on the Selangor Estate are set out below:

Title particulars	: Provisional lease of Lot No. 56 Sawai Land District, Miri Division, Sarawak, issued on 22 February 1994
Location	: Sungai Luai and Sungai Bawah, Niah, Miri Division, Sarawak
Registered owner	: RHPSB
Tenure	: Lease tenure of 60 years commencing on 22 February 1994 and expiring on 21 February 2054, with approximately 30 years remaining as at the LPD

Land area and description	:	Description	Hectares	%
		Planted area	2,891.21	59.53
		Overhead line ⁽¹⁾	71.43	1.47
		Unplanted area	1,710.30	35.21
		Building site ⁽²⁾	2.22	0.05
		Nursery ⁽²⁾	1.40	0.03
		Road and reserved ⁽²⁾	180.44	3.71
		Total	4,857.00	100.00
Age profile of the oil palm	:	Age profile	Hectares	%
		Immature (0 - 3 years)	-	-
		Young mature (4 - 8 years)	18.69	0.65
		Prime mature (9 - 14 years)	332.34	11.49
		Mature (15 - 18 years)	-	-
		Old (19 - 25 years)	-	-
		Extended (more than 25 years)	2,540.18	87.86
		Total	2,891.21	100.00
Average FFB production for the past 3 years	:	FYE 31 December	FFB Metric tonne	
		2020	10,526	
		2021	6,542	
		2022	4,789	
Contribution to the Group's net loss for the past 3 years	:		<-----FYE 31 December----->	
			2020	2021
			RM'000	RM'000
			2022	RM'000
		Plantation loss	(3,398)	(2,320)
		RSB Group's net loss	(56,052)	(6,978)
		Percentage of contribution to RSB Group's net loss (%)	6.06	33.25
			51.32	
Expenses incurred for the past 3 years	:	FYE 31 December	Expenses incurred RM'000	
		2020	5,880	
		2021	5,132	
		2022	5,030	
Classification of land/Category of land use	:	Mixed zone land/country land		
Existing/Proposed use	:	Oil palm plantation		
Encumbrances	:	(i) Charged to Bank Pertanian Malaysia Berhad for RM130,013,657.84 vide L.17394/2011 on 28 December 2011 (includes caveat)		
		(ii) Charged to Bank Pertanian Malaysia Berhad for RM13,000,000.00 vide L.17395/2011 on 28 December 2011 (includes caveat) (subject to charge L.17394/2011)		
		(iii) Charged to Bank Pertanian Malaysia Berhad for RM95,000,000.00 vide L.13162/2021 on 7 December 2021 (includes caveat) (subject to charges L.17394/2011 and L.17395/2011)		

- Express conditions and restrictions-in-interest :
- (i) Upon completion of a proper survey of the land the holder of this provisional lease will be given a lease in accordance with the provisions of the Sarawak Land Code, and subject to the following express conditions and restrictions (including any modifications of implied conditions and restrictions):
 - (a) This land shall be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon and such other purposes as may be from time to time approved by the Director of Lands and Surveys;
 - (b) All points of access to and egress from the Miri-Bintulu trunk road shall be subject to the approval in writing of the Director of Lands and Surveys which approval shall be obtained prior to the commencement of construction and/or use of such point of access or egress;
 - (c) The lessee shall not be entitled to a lease for any of the land included in this provisional lease which may be required for the purpose of a road reserve;
 - (d) The proprietor shall not disturb the land within the 66-foot reserve, along the bank of navigable river or stream;
 - (e) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys;
 - (f) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of 5 years from the date of registration of this lease;
 - (g) The proprietor shall commence field planting within 3 years of the issue of this lease and shall complete at least 50% of the planting of the next plantable area at the end of the 7th year. The whole of the nett plantable area shall be fully planted by the end of the 10th year from the date of the issue of this lease⁽³⁾;
 - (h) The observance of condition (g) shall be enforced by the Minister for the time being responsible for Land Development or any agents duly authorised by him in writing in that behalf and the Minister or the agents so appointed shall have the right of access to the land at all reasonable time; and
 - (i) A breach or default in the observance of any or all the conditions specified above shall render the land liable to forfeiture and the Superintendent or other officer authorised by him may, on behalf of the Sarawak Government, declare the estate or interest secured by that document of title to be forfeited and re-enter the land or the portion thereof of which the breach or default occurs in accordance with Section 33(1) of the Sarawak Land Code;
 - (ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 60 years from the date of this provisional lease; and
 - (iii) The holder of this provisional lease shall not be entitled to a lease of an area equal to the area above stated but only to such an area as the survey shows to be available.

Audited NBV as at 31 : RM47,995,700
December 2022

Valuer : Henry Butcher (Miri)

Date of valuation : 1 December 2023

Market value : RM84,800,000⁽⁴⁾
ascribed by the
Valuer

Notes:

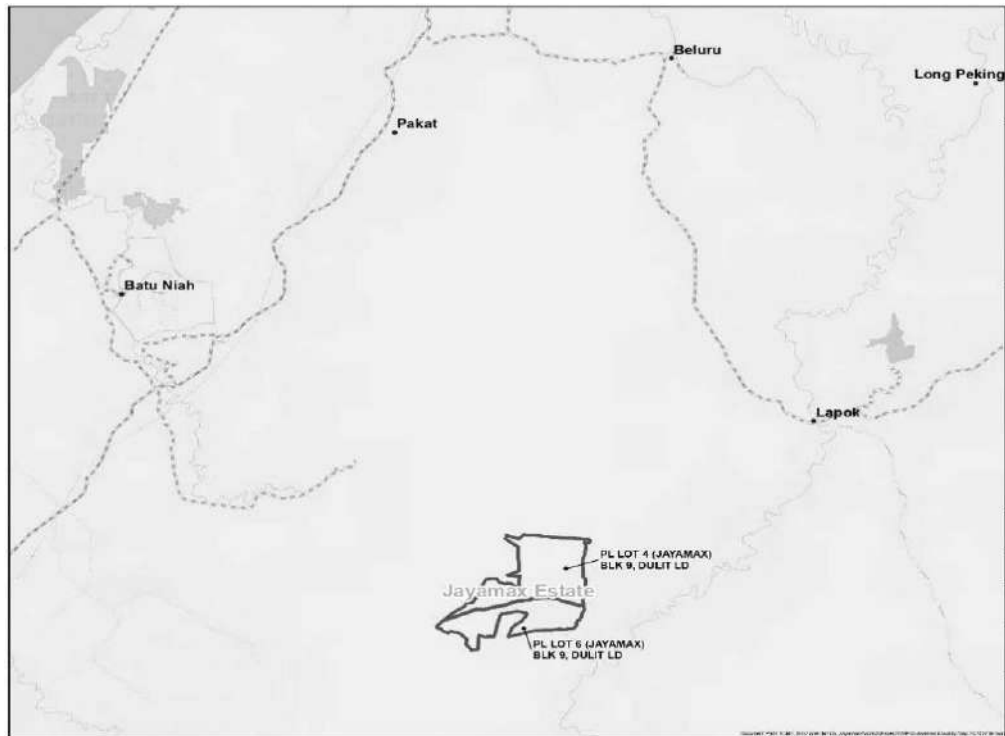
- (1) *Refers to approximately 71.43 hectares of the Selangor Estate which is subject to the erection of tower footing thereon for the purpose of the Similajau-Bunut 500kV Transmission Line Project undertaken by Sarawak Energy Berhad. As at the material date of valuation, the construction of the said project is still in progress whereby crops compensation amounting to approximately RM1.30 million had been awarded by Sarawak Energy Berhad to RHPSB on 28 November 2018. The compensation sum was awarded on the basis of an ex-gratia payment of RM250 per oil palm tree located on the affected area. The Valuer had disregarded the value attributable to this affected area in appraising the market value of the Selangor Estate as the said area was occupied by Sarawak Energy Berhad for the erection of tower footing.*
- (2) *In appraising the market value of the Selangor Estate, the Valuer had not ascribed any value to these unplanted areas, i.e. building site, nursery and road and reserved as such areas are considered to be ancillary and part of the agriculture operations of the Selangor Estate as a whole.*
- (3) *For shareholders' information, RHPSB has yet to comply with the said express condition as 1,710.30 hectares or approximately 35.21% of the Selangor Estate remains unplanted as at the material date of valuation. RHPSB has deemed such area uneconomical for planting due to its typography and is reserving such area until a more efficient way of planting and harvesting is identified. Pending the processing of the applications for consent to transfer and/or charge the Selangor Estate by the Lands and Surveys Department of Sarawak, the Group is unable to ascertain the impact of such non-compliance on RHPSB and the Proposed Disposal 1 at this juncture. The application for consent to transfer and/or charge the Selangor Estate has yet to be submitted to the Lands and Surveys Department of Sarawak as at the LPD.*
- (4) *As appraised by the Valuer vide the Valuation Report 1 as at the date of valuation of 1 December 2023. The Valuer had adopted the DCF Method and comparison method as counter-check in appraising the market value of the Selangor Estate. For the avoidance of doubt, based on the Valuer's inspection of the Selangor Estate, there are various support and service buildings and amenities within the Selangor Estate. However, the Valuer had not ascribed any value to the said buildings and amenities as it is considered to be ancillary and part of the agriculture operations of the Selangor Estate as a whole.*

3.2 Information on the Jayamax Estate

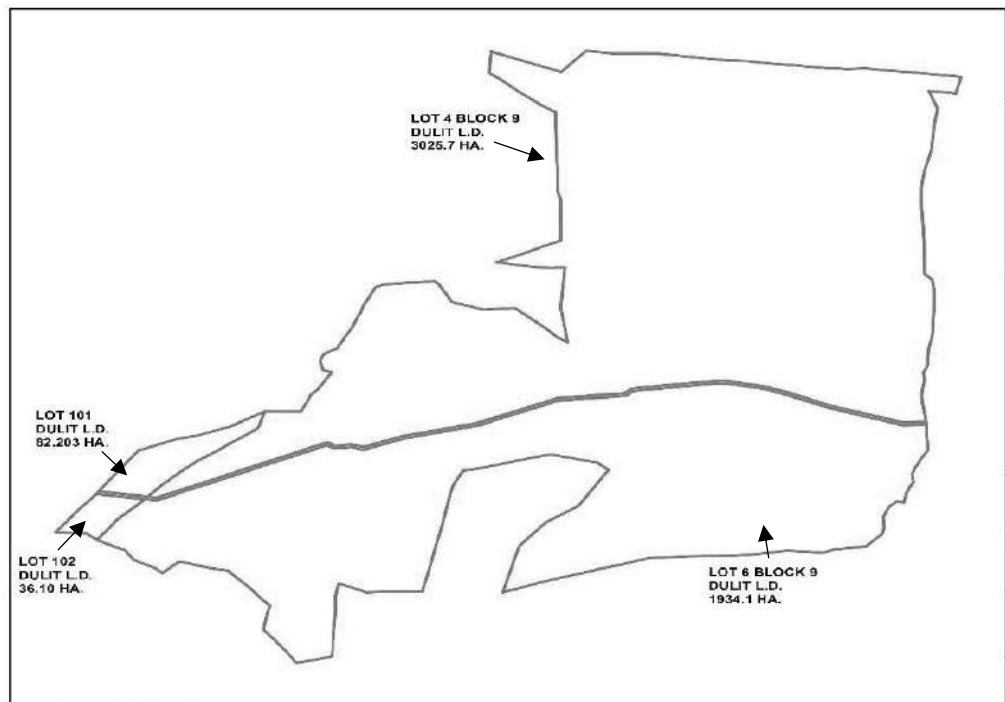
The Jayamax Estate is located approximately 100 kilometres south-east of Miri, Sarawak and is accessible from Miri by travelling approximately 45 kilometres along Miri-Bintulu Road, then heading onto Jalan Bukit Peninjau for 25 kilometres, Jalan Beluru/Long Teru for 22 kilometres followed by the trunk road which branches off to the RH Oil Palm Mill and RH Bakong Plantation Estate administration office and workers' quarters. From the RH Bakong Plantation Estate, the Jayamax Estate is accessible via the internal estate road. Alternatively, the Jayamax Estate is also accessible via the Timrest Plantation Estate by travelling on Miri-Bintulu Road for 89 kilometres, then turning onto Kong Tai Road which cuts through 2 other plantation estates to arrive at the Timrest Plantation Estate. From the Timrest Plantation Estate, the Jayamax Estate is accessible via the internal estate road.

The Jayamax Estate is situated at Sungai Bok, Tinjar, Baram which has been designated for agriculture development. The main agricultural activities in the vicinity are oil palm plantations with more secondary jungles being cleared and cultivated with oil palm trees.

The location of the Jayamax Estate is depicted in the following site maps:



(Source: Valuation Report 2)



(Source: Management of the Company)

Further information on the Jayamax Estate are set out below:

- Identification/Title particulars : (i) Provisional lease of Lot No. 4 Block 9 Dulit Land District, Miri Division, Sarawak ("**Lot 4**"), issued on 17 June 2009
- (ii) Provisional lease of Lot No. 6 Block 9 Dulit Land District, Miri Division, Sarawak ("**Lot 6**"), issued on 17 June 2009
- (iii) Provisional lease of Lot 101 Sawai Land District, Miri Division, Sarawak ("**Lot 101**"), issued on 18 January 2024⁽¹⁾
- (iv) Provisional lease of Lot 102 Sawai Land District, Miri Division, Sarawak ("**Lot 102**"), issued on 18 January 2024⁽¹⁾

Location : Sungai Bok, Tinjar, Baram

Registered owner : Lot 4 and Lot 6

JPSB

Lot 101 and Lot 102

JPSB⁽¹⁾

Tenure : Lot 4 and Lot 6⁽²⁾

Lease tenure of 60 years commencing on 9 April 1999 and expiring on 8 April 2059, with approximately 35 years remaining as at the LPD

Lot 101 and Lot 102⁽³⁾

Lease tenure of 60 years commencing on 18 January 2024 and expiring on 17 January 2084, with approximately 60 years remaining as at the LPD

Land area : Lot 4 and Lot 6⁽²⁾

Title particulars	Hectares (approximately)
Lot 4	3,025.70
Lot 6	1,934.10
Total	4,959.80

Lot 101 and Lot 102⁽³⁾

Identification	Hectares (approximately)
Lot 101	81.75
Lot 102	36.11
Total	117.86

Description : Lot 4 and Lot 6

Description	Hectares	%
Planted area	4,708.28	94.93
Unplanted area	20.85	0.42
Building site ⁽⁵⁾	10.19	0.21
Road and reserved ⁽⁵⁾	86.87	1.75
Unplanted area ⁽⁴⁾	48.34	0.97
Rocky river ⁽⁵⁾	75.27	1.52
Quarry site ⁽⁵⁾	10.00	0.20
Total	4,959.80	100.00

Lot 101 and Lot 102

Description	Hectares	%
Planted area	43.40	36.82
Unplantable area ⁽⁴⁾	74.46	63.18
Total	117.86	100.00

Age profile of the oil palm	Age profile	Hectares	%
	Immature (0 - 3 years)	-	-
	Young mature (4 - 8 years)	-	-
	Prime mature (9 - 14 years)	2,180.71	45.89
	Mature (15 - 18 years)	77.51	1.63
	Old (19 - 25 years)	2,493.46	52.48
	Extended (more than 25 years)	-	-
	Total	4,751.68	100.00

Average FFB production for the past 3 years	FYE 31 December	FFB Metric tonne
	2020	8,387
	2021	4,683
	2022	1,969

Contribution to RSB Group's net loss for the past 3 years	<-----FYE 31 December----->		
	2020 RM'000	2021 RM'000	2022 RM'000
Plantation loss	(4,803)	(4,788)	(5,067)
RSB Group's net loss	(56,052)	(6,978)	(5,818)
Percentage of contribution to RSB Group's net loss (%)	8.57	68.62	87.09

Expenses incurred for the past 3 years	FYE 31 December	Expenses incurred RM'000
	2020	6,345
	2021	6,095
	2022	4,043

Classification of land/Category of land use : Lot 4 and Lot 6⁽²⁾
Mixed zone land/country land
Lot 101 and Lot 102⁽³⁾
Mixed zone land/country land

Existing/Proposed use : Oil palm plantation

Encumbrances : Lot 4 and Lot 6⁽²⁾

- (i) Charged to Bank Utama (Malaysia) Berhad for RM30,000,000.00 vide L.10020/1999 on 15 December 1999 (includes caveat)
- (ii) Bank Utama (Malaysia) Berhad's rights within L.10020/1999 is transferred to and vested in RHB Bank Berhad vide L.7654/2011 on 21 June 2011
- (iii) Charged to RHB Bank Berhad for RM20,000,000.00 vide L.7655/2011 on 21 June 2011 (includes caveat) (subject to charge L.10020/1999)

- (iv) Charged to RHB Bank Berhad for RM5,000,000.00 vide L.12817/2018 on 1 November 2018 (includes caveat) (subject to charges L.7655/2011 and L.10020/1999)
- (v) Charged to RHB Bank Berhad for RM15,000,000.00 vide L.12818/2018 on 1 November 2018 (includes caveat) (subject to charges L.7655/2011, L.10020/1999 and L.12817/2018)
- (vi) Charged to RHB Bank Berhad for RM1,000,000.00 vide L.12819/2018 on 1 November 2018 (includes caveat) (subject to charges L.7655/2011, L.10020/1999, L.12817/2018 and L.12818/2018)
- (vii) Charged to RHB Bank Berhad for RM15,250,000.00 vide L.12820/2018 on 1 November 2018 (includes caveat) (subject to charges L.7655/2011, L.10020/1999, L.12817/2018, L.12818/2018 and L.12819/2018)
- (viii) Charged to RHB Bank Berhad for RM5,900,000.00 vide L.12821/2018 on 1 November 2018 (includes caveat) (subject to charges L.7655/2011, L.10020/1999, L.12817/2018, L.12818/2018, L.12819/2018 and L.12820/2018)

Lot 101 and Lot 102⁽³⁾

Nil

Express conditions and restrictions-in-interest : Lot 4 and Lot 6⁽²⁾

- (i) Upon completion of a proper survey of the land the holder of this provisional lease will be given a lease in accordance with the provisions of the Sarawak Land Code, and subject to the following express conditions and restrictions:
 - (a) This land shall be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon and such other purposes as may be from time to time approved by the Director of Lands and Surveys;
 - (b) No building shall be erected within a distance of 300 feet from the edge of the road reserve without the prior authority in writing of the Directors of Lands and Surveys;
 - (c) All points of ingress to and egress from the trunk road shall be subject to the approval in writing of the Director of Lands and Surveys which approval shall be obtained prior to the commencement of construction and/or use of such point of ingress or egress;
 - (d) The lessee shall not be entitled to a lease for any of the land included in this provisional lease which may be required for the purpose of a road reserve;
 - (e) The proprietor shall not disturb the land within the 66-foot reserve, along the bank of navigable river or stream;
 - (f) The proprietor shall have no rights to extract timber or mineral deposits from the land without an appropriate licence issued by the relevant authority;

- (g) The development of this land shall not interfere with the rights of the existing timber and/or mining licensee to fell and extract timber or to extract mineral deposit within the respective licensee's authorised area of operation;
 - (h) The proprietor is required under the Natural Resources and Environment (Prescribed Activities) Order, 1994 to undertake an Environmental Impact Assessment Study on the area prior to project implementation and to submit 10 copies of the report to the Secretary, Natural Resources and Environment Board;
 - (i) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys;
 - (j) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of 5 years from the date of registration of this lease;
 - (k) The proprietor shall commence field planting within 3 years of the issue of this lease and shall complete at least 50% of the planting of the next plantable area at the end of the 7th year. The whole of the nett plantable area shall be fully planted by the end of the 10th year from the date of the issue of this lease;
 - (l) The observance of condition (k) shall be enforced by the Minister for the time being responsible for Land Development or any agents duly authorised by him in writing in that behalf and the Minister or the agents so appointed shall have the right of access to the land at all reasonable time;
 - (m) A breach or default in the observance of any or all the conditions specified above shall render the land liable to forfeiture and the Superintendent or other officer authorised by him may, on behalf of the Sarawak Government, declare the estate or interest secured by that document of title to be forfeited and re-enter the land or the portion thereof of which the breach or default occurs in accordance with Section 33(1) of the Sarawak Land Code;
 - (n) In the event that adjacent area have been alienated for different crops and crop zoning is not possible, a buffer zone of 200 metres shall be instituted along the common boundary of the estates. No drain shall be built within the distance of 200 metres from each side of the estate's boundary. Activities carried out within this buffer zone shall be limited and have to be approved by the Land Plantation Committee or any designated authority; and
 - (o) Prior to commercial development of peat soils, the project proponent shall carry out a survey and submit a report on the peat depth and long-term drainability of the proposed project area;
- (ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 60 years from the date of this provisional lease; and
 - (iii) The holder of this provisional lease shall not be entitled to a lease of an area equal to the area above stated but only to such an area as the survey shows to be available.

Lot 101 and Lot 102⁽³⁾

- (i) Upon completion of a proper survey of the land the holder of this provisional lease will be given a lease in accordance with the provisions of the Sarawak Land Code, and subject to the following express conditions and restrictions:
- (a) This land shall be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon and such other purposes as may be from time to time approved by the Director of Lands and Surveys;
 - (b) All points of ingress to and egress from any trunk road shall be subject to the approval in writing of the Director of Lands and Surveys which approval shall be obtained prior to the commencement of construction and/or use of such point of ingress or egress;
 - (c) The lessee shall not be entitled to a lease for an area equal to the area stated to be alienated if, upon completion of a survey, such area is not found to be available for any reason including that required to implement local plan;
 - (d) The proprietor shall not disturb the land within the 66-foot reserve, along the bank of navigable river or stream;
 - (e) The proprietor shall have no rights to extract timber or mineral deposits from the land without an appropriate licence issued by the relevant authority;
 - (f) The development of this land shall not interfere with the rights of the existing timber and/or mining licensee to fell and extract timber or to extract mineral deposit within the respective licensee's authorised area of operation;
 - (g) The proprietor is required under the Natural Resources and Environment (Prescribed Activities) Order, 1994 to undertake an Environmental Impact Assessment Study on the area prior to project implementation and to submit 10 copies of the report to the Secretary, Natural Resources and Environment Board;
 - (h) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys;
 - (i) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of 5 years from the date of registration of this lease;
 - (j) The proprietor shall commence field planting within 2 years of the issue of this lease. The whole of the plantable area shall be fully planted by the end of the 5th year from the date of issue of this lease;
 - (k) The observance of condition (j) shall be enforced by the Minister for the time being responsible for Land Development or any agents duly authorised by him in writing in that behalf and the Minister or the agents so appointed shall have the right of access to the land at all reasonable time;

- (l) A breach or default in the observance of any or all the conditions specified above shall render the land liable to forfeiture and the Superintendent or other officer authorised by him may, on behalf of the Sarawak Government, declare the estate or interest secured by that document of title to be forfeited and re-enter the land or the portion thereof of which the breach or default occurs in accordance with Section 33(1) of the Sarawak Land Code;
 - (m) In the event that adjacent area have been alienated for different crops and crop zoning is not possible, a buffer zone of 200 metres shall be instituted along the common boundary of the estates. No drain shall be built within the distance of 200 metres from each side of the estate's boundary. Activities carried out within this buffer zone shall be limited and have to be approved by the Land Plantation Committee or any designated authority;
 - (n) Prior to commercial development of peat soils, the project proponent shall carry out a survey and submit a report on the peat depth and long-term drainability of the proposed project area;
 - (o) The lessee shall carry out the perimeter survey of this land in accordance with the boundary of the provisional lease and must be completed within 2 years from the date of registration of this lease; and
 - (p) There shall be no transfer of controlling shares of the company without the consent in writing of the Minister for the time being responsible for land.
- (ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 60 years from the date of this provisional lease; and
 - (iii) The holder of this provisional lease shall not be entitled to a lease of any area equal to the area above stated but only to such an area as the survey shows to be available.

Audited NBV as at 31 : RM38,386,245
December 2022

Valuer : Henry Butcher (Miri)

Date of valuation : 1 December 2023

Market value : RM73,000,000⁽⁶⁾
ascribed by the
Valuer

Notes:

- (1) *For information purposes, Lot 101 and Lot 102 was conditionally approved for alienation by the Lands and Surveys Department of Sarawak vide its letter dated 5 October 2023 pursuant to an application made by JPSB. Thereafter, the Lands and Surveys Department of Sarawak, Miri Division had vide its letter dated 18 December 2023 issued the formal offer for alienation to JPSB which was accepted by JPSB by private treaty and payment of the preparation fees, premium and quit rent for Lot 101 and Lot 102. The provisional lease for Lot 101 and Lot 102 was issued to JPSB on 18 January 2024.*
- (2) *The information in respect of Lot 4 and Lot 6 are based on its respective documents of title.*
- (3) *The information in respect of Lot 101 and Lot 102 are based on its respective documents of title.*

- (4) *Such unplantable area comprises steep areas and buffer zones within the Jayamax Estate which are not viable to be planted with oil palms.*
- (5) *In appraising the market value of the Jayamax Estate, the Valuer had not ascribed any value to the unplantable area, building site, road and reserved, rocky river and quarry site as such areas are considered to be ancillary and part of the agriculture operations of the Jayamax Estate as a whole.*
- (6) *As appraised by the Valuer vide the Valuation Report 2 as at the date of valuation of 1 December 2023. The Valuer had adopted the DCF Method and comparison method as counter-check in appraising the market value of the Jayamax Estate. For the avoidance of doubt, based on the Valuer's inspection of the Jayamax Estate, there are various support and service buildings and amenities within the Jayamax Estate. However, the Valuer had not ascribed any value to the said buildings and amenities as it is considered to be ancillary and part of the agriculture operations of the Jayamax Estate as a whole.*

4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSALS

RSB through its subsidiaries are principally involved in the cultivation of oil palm and operation of palm oil mills producing crude palm oil, palm kernel and FFB. As at the LPD, the Group has 16 oil palm estates located in Kuching, Sibul and Miri, Sarawak, with a total planted area of approximately 42,478 hectares, representing approximately 60.76% of the Group's total landbank of 69,909 hectares. The Group also owns and operates 3 palm oil mills, of which 2 palm oil mills are located in Miri, Sarawak and 1 palm oil mill is located in Kuching, Sarawak. All of the Group's oil palm estates and palm oil mills have obtained the Malaysian Sustainable Palm Oil certification as at the FYE 31 December 2022.

The Group is undertaking the Proposed Disposals as part of its strategy to constantly evaluate its portfolio of investments and where possible seek opportunities to unlock and realise the value of its investments for the benefit of the shareholders of RSB. As illustrated in Section 3 of this Circular, the Disposal Land has been loss-making for the past 3 financial years up to the FYE 31 December 2022. This is mainly attributable to the following factors:

- (i) shortage of oil palm harvesters at the Disposal Land as a result of the travel restrictions and border closures implemented by the Malaysian Government from 2020 to 2022 to curb the spread of the coronavirus disease; and
- (ii) adverse weather conditions arising from the El Nino phenomenon in 2020,

which resulted in low FFB production and yield from the Disposal Land over the past 3 financial years up to the FYE 31 December 2022.

Notwithstanding there being other loss-making oil palm estates out of the Group's 16 oil palm estates, the Group has identified the Disposal Land for the Proposed Disposals in view that the Disposal Land is located at the boundary of the Group's oil palm estates within Miri, Sarawak. As such, the Proposed Disposals, when completed, are expected to cause minimal disruption to the operations of the Group's other oil palm estates within the region. Further, given that the Selangor Estate and the Jayamax Estate are adjacent to each other, disposing the Disposal Land together would enable MSBPSB to achieve economies of scale by operating the Selangor Estate and the Jayamax Estate together.

Premised on the above, the Proposed Disposals represents an opportunity for RSB Group to unlock the value of the Disposal Land at a premium to its respective market values. Based on the Disposal Considerations and the latest audited NBV of the Disposal Land of approximately RM86.38 million as at 31 December 2022, RSB Group is expected to record a pro forma gain on disposal of approximately RM77.94 million pursuant to the Proposed Disposals.

The Proposed Disposals enables the Group to raise cash proceeds amounting to approximately RM165.00 million for the partial repayment of its interest-bearing borrowings which will among others, lower the Group's gearing level from 0.99 times to 0.61 times and improve the ability of the Group to borrow further should new business opportunities arise, as well as improve the Group's cash flow position due to lower interest expense. For illustrative purposes, the partial repayment of the Group's interest-bearing borrowings of approximately RM86.11 million is expected to result in an interest cost savings of approximately RM3.99 million per annum, as presented in Section 2.10, Note (1) of this Circular.

In addition, part of the proceeds of the Proposed Disposals will be channelled towards the Group's business operations as it will be utilised for new planting and replanting of oil palm. In that regard, the Group will be able to conserve its internally generated funds to strengthen its financial position.

The Group intends to implement a recovery and rehabilitation programme to improve the conditions of its loss-making oil palm estates by undertaking among others, the following measures, which are expected to improve and enhance the crop production and yield of such oil palm estates in the short to medium-term:

- (i) deploying additional resources such as machinery, equipment and human resources to maximise FFB crop recovery in the most productive blocks of the oil palm estate;
- (ii) establish attractive field work piece rate plus incentives to attract more labour to its oil palm estates;
- (iii) construct, refurbish and/or renovate the existing and/or new workers' quarters as well as upgrading the amenities and facilities of such workers' quarters at the oil palm estates; and
- (iv) upgrade, repair and carry out maintenance works on the main and field roads of the oil palm estates to facilitate accessibility to and from the estates.

In addition, the Group takes cognisance that the foreign worker availability in Malaysia is gradually improving and expects healthy soil moisture conditions and lower-flooding disruptions to support output of its palm oil products, which bodes well for the performance of its oil palm estates in the longer term. Further, with expectations of firmer palm oil prices and greater demand of palm oil products from the market, coupled with the Group's continuous efforts to optimise its operations and costs to drive greater efficiency and productivity, the Group is cautiously optimistic on the outlook of the oil palm plantation segment as well as the financial performance of the Group.

5. RISK FACTORS OF THE PROPOSED DISPOSALS

The risk factors relating to the Proposed Disposals are set out below:

(i) Delay or non-completion of the Proposed Disposals

Despite the execution of the CSPAs and the Supplementary Agreements, there can be no assurance that all the conditions precedent and terms and conditions as set out in the CSPAs and as varied by the Supplementary Agreements will be able to be fulfilled, and therefore, the Proposed Disposals may not be able to complete. There can also be no assurance that the Proposed Disposals can be completed within the timeframe set. Any delay or non-completion of the Proposed Disposals will delay or preclude RSB Group from receiving the Disposal Considerations and consequently affect the utilisation of proceeds in accordance with the manner as set out in Section 2.10 of this Circular, as well as depriving RSB Group from attaining the resultant benefits from the Proposed Disposals as set out in Section 4 of this Circular.

Notwithstanding the above, the management of RSB and the Board will endeavour to take all reasonable steps to ensure that the conditions precedent and terms and conditions of the CSPAs, as varied by the Supplementary Agreements, which are within the Group's control are fulfilled and met on a timely basis to facilitate the Proposed Disposals. Nonetheless, there can be no assurance that the CSPAs, as varied by the Supplementary Agreements, will not be terminated as a result of any breach or default attributable to any of the parties.

(ii) Risk of scarcity of landbank

The Proposed Disposals will result in a reduction of approximately 17.99% to the Group's total planted landbank after taking into consideration the Disposal Land's total planted area measuring approximately 7,642.89 hectares against the Group's total planted area as at the LPD of 42,478 hectares. Moving forward, the Group will continue to seek for opportunities to replenish and expand its plantation assets as well as to further grow its existing businesses.

The Group may face difficulty in identifying and acquiring oil palm plantation lands or oil palm plantation companies in view of the scarcity and premium prices of plantation assets. However, the Group's longstanding experience in the oil palm plantation industry in Malaysia puts it in good stead to execute its future growth and investment strategy. Further, the Group's knowledge and expertise developed over years of involvement in the industry will serve the Group well to contend with the vagaries of the industry.

Notwithstanding the above, the Group will adopt a prudent investment strategy in identifying and acquiring suitable plantation assets that will contribute positively to the earnings of the Group.

(iii) Political, economic and regulatory risk

The future growth and financial performance of the Group could be affected by changes in among others, economic growth, taxation, accounting policies and standards, regulations, government policies and political stability. Any adverse developments in these conditions could negatively affect the oil palm plantation industry and affect the financial performance and growth of the Group.

Although measures will be taken to address and/or mitigate such developments, no assurance can be given that such measures will be sufficient or effective in the circumstances.

6. EFFECTS OF THE PROPOSED DISPOSALS

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposals will not have any effect on the issued share capital and the substantial shareholders' shareholdings of RSB as the Proposed Disposals do not involve the issuance of any new RSB Shares.

6.2 NA, NA per Share and gearing

For illustrative purposes, based on the latest audited consolidated statements of financial position of RSB Group as at 31 December 2022 and assuming that the Proposed Disposals had been effected on that date, the pro forma effects of the Proposed Disposals on the NA, NA per Share and gearing of RSB Group are set out below:

	Audited for the FYE 31 December 2022 RM'000	I After adjustments for subsequent events ⁽¹⁾ RM'000	II After (I) and the Proposed Disposals RM'000
Share capital	614,600	391,510	391,510
Reserves	(231,867)	(8,956)	68,987 ⁽²⁾
NA/Equity attributable to owners of the Company	382,733	382,554	460,497
Non-controlling interests	(29,259)	(29,259)	(29,259)
Total equity	353,474	353,295	431,238
No. of RSB Shares in issue ('000)	2,041,722	2,041,722	2,041,722
NA per RSB Share ⁽³⁾ (RM)	0.19	0.19	0.23
Total interest-bearing borrowings (RM'000)	349,422	349,422	263,316 ⁽⁴⁾
Gearing ratio ⁽⁵⁾ (times)	0.99	0.99	0.61

Notes:

- (1) After taking into account the reduction of the issued share capital of RSB pursuant to Section 117 of the Act via the cancellation of RM223,089,761 of the issued share capital of the Company ("**Capital Reduction**") which took effect on 3 November 2023 as well as the expenses incurred pursuant to the Capital Reduction of RM179,100.
- (2) After adjusting for the pro forma gain on disposal of approximately RM77.94 million arising from the Proposed Disposals which was computed based on the Disposal Considerations of RM165.00 million less the aggregate audited NBV of the Disposal Land of approximately RM86.38 million as at 31 December 2022 and the estimated expenses relating to the Proposed Disposals of approximately RM0.68 million.
- (3) Computed based on the NA divided by the total number of RSB Shares in issue.
- (4) After adjusting for partial repayment of the interest-bearing borrowings amounting to approximately RM86.11 million from the Disposal Considerations.
- (5) Computed based on the total interest-bearing borrowings divided by total equity.

6.3 Loss, earnings, LPS and EPS

For illustrative purposes, the pro forma effects of the Proposed Disposals on the consolidated loss, earnings, LPS and EPS of RSB Group assuming the Proposed Disposals had been effected at the beginning of the FYE 31 December 2022, is set out below:

	Audited for the FYE 31 December 2022 RM'000	I After adjustments for subsequent events⁽¹⁾ RM'000	II After (I) and the Proposed Disposals RM'000
Loss after tax attributable to the owners of the Company	(330)	(509)	(509)
Add: Pro forma gain on the Proposed Disposals ⁽²⁾	-	-	77,943
Pro forma gain/(loss) attributable to owners of the Company	(330)	(509)	77,434
Weighted average number of RSB Shares in issue ('000)	2,041,722	2,041,722	2,041,722
Basic EPS/(LPS) (sen)	(0.016)	(0.025)	3.793

Notes:

- (1) *After taking into account the reduction of the issued share capital of RSB pursuant to Section 117 of the Act via the cancellation of RM223,089,761 of the issued share capital of the Company which took effect on 3 November 2023 as well as the expenses incurred pursuant to the Capital Reduction of RM179,100.*
- (2) *The pro forma gain on disposal of approximately RM77.94 million arising from the Proposed Disposals was computed based on the Disposal Considerations of RM165.00 million less the aggregate audited NBV of the Disposal Land of approximately RM86.38 million as at 31 December 2022 and the estimated expenses relating to the Proposed Disposals of approximately RM0.68 million.*

6.4 Convertible securities

As at the LPD, the Company does not have any convertible securities in issue.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposals are subject to the following approvals being obtained:

- (i) from the shareholders of RSB at the forthcoming EGM for the Proposed Disposals by way of poll; and
- (ii) from the relevant authorities/parties, which form part of the conditions precedent of the CSPAs as mentioned in Appendices I and II of this Circular, namely:
 - (a) the Director of Lands and Surveys Department of Sarawak for the consent to transfer the Disposal Land to MSBPSB;
 - (b) the Superintendent of the Land and Survey Department of Sarawak, Miri Division for the consent to transfer the Disposal Land to MSBPSB; and

- (c) the Director of Lands and Surveys Department of Sarawak for the consent to charge the Disposal Land in favour of MSBPSB's financier.

The Proposed Disposal 1 and the Proposed Disposal 2 are not conditional upon each other. The Proposed Disposals are also not conditional upon any other corporate exercise undertaken or to be undertaken by RSB Group.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal 1 and the Proposed Disposal 2 pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 23.52% and 19.60% respectively based on the Disposal Consideration 1 and Disposal Consideration 2 over the latest audited NA of RSB Group as at 31 December 2022 of RM382.73 million.

Paragraph 10.12 of the Listing Requirements stipulates among others, that transactions should be aggregated when such transactions are entered into with the same party or with parties connected with one another as well as when such transactions involve the disposal of various parcels of land contiguous to each other. In this regard, the highest percentage ratio for the Proposed Disposals when aggregated is approximately 43.12%.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive of RSB and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Disposals.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals/consents being obtained, the Proposed Disposals are expected to be completed by the 3rd quarter of 2024.

The tentative timetable for the implementation of the Proposed Disposals is set out below:

Date/Month	Events
8 April 2024	<ul style="list-style-type: none">• Convening of the EGM to obtain the approval from the shareholders of RSB for the Proposed Disposals
Mid June 2024	<ul style="list-style-type: none">• Fulfilment of all the conditions precedent of the CSPAs, as varied by the Supplementary Agreements, for the Proposed Disposals
Mid September 2024	<ul style="list-style-type: none">• Completion of the Proposed Disposals

11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposals, there is no other corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for Tiong Chiong Ong who voluntarily abstained from deliberating on the Proposed Disposals), after having considered all aspects of the Proposed Disposals, including the basis and justification for arriving at the Disposal Considerations, salient terms of the CSPAs as varied by the Supplementary Agreements, rationale and benefits of the Proposed Disposals, the effects of the Proposed Disposals as well as the evaluation from the Valuer, is of the opinion that the Proposed Disposals are in the best interest of the Company.

Tiong Chiong Ong has voluntarily abstained from deliberating on the Proposed Disposals as he is of the view that the Disposal Considerations are low, notwithstanding that it is higher than the market value of the Disposal Land.

Accordingly, the Board (save for Tiong Chiong Ong) recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed Disposals to be tabled at the forthcoming EGM.

13. EGM

The EGM, the notice of which is set out in this Circular, will be held at Level 2, North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak on Monday, 8 April 2024 at 12.30 p.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed Disposals. The Notice of EGM and Form of Proxy are enclosed in this Circular and can be downloaded from the website of Bursa Securities at <https://www.bursamalaysia.com>.

If you wish to appoint a proxy to attend, participate, speak and vote on your behalf at the EGM, you may deposit the Form of Proxy enclosed in accordance with the instructions provided thereon so as to arrive at the registered office of the Company at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The last day, date and time for lodging the Form of Proxy is Saturday, 6 April 2024 at 12.30 p.m., after which the Form of Proxy shall not be treated as valid.

The lodgement of the Form of Proxy shall not however, preclude you from attending, participating, speaking and voting at the EGM in person should you subsequently wish to do so.

14. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

Yours faithfully,
For and on behalf of the Board
RIMBUNAN SAWIT BERHAD

TIONG CHIONG IE
Managing Director

SALIENT TERMS OF THE CSPA 1 AND THE SUPPLEMENTARY AGREEMENT 1

The salient terms of the CSPA 1 and the Supplementary Agreement 1 include the following:

1. Conditions precedent

- (i) The Proposed Disposal 1 shall be conditional upon the fulfilment of the following conditions:
 - (a) RHPSB obtaining the consent in writing of the Director of Lands and Surveys Department of Sarawak for the transfer of the Selangor Estate to and in favour of MSBPSB in compliance with the restriction-in-interest expressed in the land title of the Selangor Estate ("**CSPA 1 Consent for Transfer I**");
 - (b) RHPSB obtaining the consent in writing of the Superintendent of Land and Survey Department of Sarawak, Miri Division for the transfer of the Selangor Estate to and in favour of MSBPSB in accordance with the provisions of the Sarawak Land Code ("**CSPA 1 Consent for Transfer II**");
 - (c) MSBPSB obtaining the consent in writing of the Director of Lands and Surveys Department of Sarawak for the charge of the Selangor Estate to and in favour of MSBPSB's financier in compliance with the restriction-in-interest expressed in the land title of the Selangor Estate ("**CSPA 1 Consent for Charge**");
 - (d) the approval of the shareholders of RSB in a general meeting for the disposal of the Selangor Estate at the Disposal Consideration 1 and upon the terms set out in the CSPA 1; and
 - (e) all other approvals, consents or authorisations from the relevant authorities or parties and matters contemplated by the CSPA 1 being obtained,

hereinafter collectively referred to as "**CSPA 1 Conditions Precedent**".
- (ii) The CSPA 1 Conditions Precedent shall be fulfilled within 6 months from the date of the CSPA 1 with a grace period of 1 month.
- (iii) The CSPA 1 shall cease to be conditional on the CSPA 1 Unconditional Date on the basis that the consents are granted upon terms and conditions which are acceptable to RHPSB and MSBPSB.

As at the LPD, all the CSPA 1 Conditions Precedent have yet to be fulfilled.

2. Disposal Consideration 1

- (i) The Disposal Consideration 1 shall be paid by MSBPSB to RHPSB in cash in the following manner:
 - (a) a sum of RM9.00 million representing 10% of the Disposal Consideration 1 ("**CSPA 1 Deposit**"), as deposit and part payment upon the execution of the CSPA 1;
 - (b) a further sum of RM9.00 million representing 10% of the Disposal Consideration 1, as part payment on or before 20 February 2024; and
 - (c) the balance sum of RM72.00 million representing 80% of the Disposal Consideration 1 within 3 months from the CSPA 1 Unconditional Date ("**CSPA 1 Completion Date**"), with a 1-month grace period from the date of expiration of the CSPA 1 Completion Date ("**CSPA 1 Extended Completion Date**").

SALIENT TERMS OF THE CSPA 1 AND THE SUPPLEMENTARY AGREEMENT 1 (CONT'D)

- (ii) MSBPSB shall pay to RHPSB interest at the rate of 8% per annum calculated on a daily basis on the remaining balance of the Disposal Consideration 1 which remains outstanding during the CSPA 1 Extended Completion Date until the said balance shall have been paid in full.
- (iii) RHPSB's solicitors shall retain RM2.70 million representing 3% of the Disposal Consideration 1, which is to be forwarded to the Director General of Inland Revenue in accordance with section 21B of the RPGT Act within 60 days from the date of obtaining the CSPA 1 Consent for Transfer I and CSPA 1 Consent for Transfer II. Such payment shall form part of the balance of the Disposal Consideration 1.
- (iv) For the avoidance of doubt, the Disposal Consideration 1 is derived on a '*willing buyer willing seller*' basis after taking into account the market value of the Selangor Estate, including improvements cost thereon and on an 'as is where is' basis free from encumbrances and liabilities which has been appraised by an independent registered valuer appointed by RHPSB.

3. Redemption of existing legal charges

- (i) RHPSB shall utilise part of the Disposal Consideration 1 to settle the existing loan facility obtained from Bank Pertanian Malaysia Berhad so as to redeem the Selangor Estate and discharge the existing legal charges registered over the Selangor Estate within the CSPA 1 Completion Date or the CSPA 1 Extended Completion Date.
- (ii) RHPSB shall procure the redemption statement from Bank Pertanian Malaysia Berhad for the redemption of the Selangor Estate to be issued to MSBPSB's financier for the redemption process, within the CSPA 1 Completion Date or the CSPA 1 Extended Completion Date.

4. Application for loan by MSBPSB

- (i) MSBPSB requires financing to part finance the Disposal Consideration 1 and shall within 7 days from the date of the CSPA 1, make an application to a licensed bank or financial institution for the requisite loan to complete its purchase of the Selangor Estate.
- (ii) MSBPSB shall remain liable to pay the Disposal Consideration 1 to RHPSB within the time period stipulated in the CSPA 1 notwithstanding its failure or delay to obtain financing to part finance its purchase of the Selangor Estate, or to cause the release of the loan facility by its financier to pay the Disposal Consideration 1 under the CSPA 1.

5. Delivery of vacant possession and completion

- (i) RHPSB shall deliver to MSBPSB and MSBPSB shall take possession and management of the Selangor Estate on an 'as is where is' basis upon full payment of the Disposal Consideration 1 whereupon all risks shall pass to MSBPSB.
- (ii) The Proposed Disposal 1 shall be completed on the date of registration of the transfer of legal ownership of the Selangor Estate to MSBPSB, and the legal charge over the Selangor Estate to MSBPSB's financier, within the CSPA 1 Completion Date or the CSPA 1 Extended Completion Date.

SALIENT TERMS OF THE CSPA 1 AND THE SUPPLEMENTARY AGREEMENT 1 (CONT'D)

- (iii) Upon taking possession and management of the Selangor Estate by MSBPSB, RHPSB shall deliver to MSBPSB the original copy of the Environmental Impact Assessment Report together with the approval of the Natural Resources and Environmental Board, the estate licence as well as the permit to sell FFB and certification from the Malaysian Sustainable Palm Oil for the Selangor Estate. It shall be the obligation of MSBPSB to apply for the necessary licences, permits and certification to operate the oil palm plantation at the Selangor Estate.
- (iv) RHPSB acknowledges that the employees who are currently based and working in the plantation at the Selangor Estate are the employees of and are employed by RHPSB and there shall be no transfer of such employees of RHPSB to MSBPSB in connection with the Proposed Disposal 1. Within 7 days from the CSPA 1 Completion Date or the CSPA 1 Extended Completion Date or on a date as shall be mutually agreed between RHPSB and MSBPSB, RHPSB shall arrange for its employees to be relocated from the Selangor Estate so that they shall no longer continue to work therein and thereon or remain on the Selangor Estate.

6. Termination by RHPSB

- (i) If MSBPSB fails or refuses or be unable to complete the purchase of the Selangor Estate even though the CSPA 1 Conditions Precedent shall have been fulfilled for any reasons whatsoever including a failure or delay in obtaining a loan facility to part finance its purchase of the Selangor Estate or to cause the release of the loan facility for the payment of the Disposal Consideration 1 or any part thereof within the CSPA 1 Completion Date or the CSPA 1 Extended Completion Date, RHPSB shall be entitled to terminate the CSPA 1 upon the expiry of 14 days from a written notice given by RHPSB to MSBPSB and MSBPSB shall have failed to remedy the breach at its own cost and expense.
- (ii) Upon termination of the CSPA 1, RHPSB shall be entitled to forfeit the CSPA 1 Deposit and refund all other sums of money received by RHPSB, to MSBPSB. MSBPSB shall return all documents pertaining to the Selangor Estate including the executed Memorandum of Transfer to RHPSB for cancellation, and shall at its own cost and expense, withdraw any caveat lodged against the Selangor Estate. Thereafter, neither RHPSB nor MSBPSB shall have any claim against the other under the CSPA 1.
- (iii) Alternatively, RHPSB shall apply to the court for specific performance of the CSPA 1.

7. Termination by MSBPSB

- (i) If RHPSB fails or refuses or neglect to complete the sale of the Selangor Estate in accordance with the CSPA 1 through no fault of MSBPSB and even though the CSPA 1 Conditions Precedent shall have been fulfilled, MSBPSB shall be entitled to terminate the CSPA 1 upon the expiry of 14 days from a written notice given by MSBPSB to RHPSB.
- (ii) Upon termination of the CSPA 1, RHPSB shall refund all sums of money received by RHPSB to MSBPSB with interest chargeable at 8% per annum calculated from the date of receipt of such sums by RHPSB as pre-agreed liquidated damages. Upon such performance by RHPSB, MSBPSB shall return all documents pertaining to the Selangor Estate including the executed Memorandum of Transfer to RHPSB for cancellation, and shall at its own cost and expense, unconditionally withdraw any caveat lodged against the Selangor Estate. Thereafter, neither RHPSB nor MSBPSB shall have any claim against the other under the CSPA 1.
- (iii) Alternatively, MSBPSB shall apply to the court for specific performance of the CSPA 1.

SALIENT TERMS OF THE CSPA 1 AND THE SUPPLEMENTARY AGREEMENT 1 (CONT'D)

Salient terms of the Supplementary Agreement 1

The Supplementary Agreement 1 has varied the terms of the CSPA 1 regarding the mode of settlement of the Disposal Consideration 1 as set out in Sections 2(i)(b) and (c) of this Appendix I in that:

- (i) the further sum payable by MSBPSB to RHPSB as part payment shall be RM2.50 million, representing approximately 2.78% of the Disposal Consideration 1, and shall be payable within 7 days from the date of the Supplementary Agreement 1; and
- (ii) the balance sum of RM78.50 million, representing approximately 87.22% of the Disposal Consideration 1, shall be payable within 2 months from the CSPA 1 Unconditional Date.

Save as otherwise varied by the Supplementary Agreement 1, all other terms and conditions of the CSPA 1 remain unchanged and in full force and effect, and confirmed by RHPSB and MSBPSB.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

SALIENT TERMS OF THE CSPA 2 AND THE SUPPLEMENTARY AGREEMENT 2

The salient terms of the CSPA 2 and the Supplementary Agreement 2 include the following:

1. Conditions precedent

- (i) The Proposed Disposal 2 shall be conditional upon the fulfilment of the following conditions:
 - (a) the issuance of the provisional lease (under the Land Code of Sarawak) for both Lot 101 and Lot 102 by the Lands and Surveys Department of Sarawak, Miri Division to JPSB as the registered proprietor;
 - (b) JPSB obtaining the consent in writing of the Director of Lands and Surveys Department of Sarawak for the transfer of the Jayamax Estate to and in favour of MSBPSB in compliance with the restriction-in-interest expressed in the land title of the Jayamax Estate ("**CSPA 2 Consent for Transfer I**");
 - (c) JPSB obtaining the consent in writing of the Superintendent of the Land and Survey Department of Sarawak, Miri Division for the transfer of the Jayamax Estate to and in favour of MSBPSB in accordance with the provisions of the Sarawak Land Code ("**CSPA 2 Consent for Transfer II**");
 - (d) MSBPSB obtaining the consent in writing of the Director of Lands and Surveys Department of Sarawak for the charge of the Jayamax Estate to and in favour of MSBPSB's financier in compliance with the restriction-in-interest expressed in the land title of the Jayamax Estate ("**CSPA 2 Consent for Charge**");
 - (e) the approval of the shareholders of RSB in a general meeting for the disposal of the Jayamax Estate at the Disposal Consideration 2 and upon the terms set out in the CSPA 2; and
 - (f) all other approvals, consents or authorisations from the relevant authorities or parties and matters contemplated by the CSPA 2 being obtained,hereinafter collectively referred to as "**CSPA 2 Conditions Precedent**".
- (ii) The CSPA 2 Conditions Precedent shall be fulfilled within 6 months from the date of the CSPA 2 with a grace period of 1 month.
- (iii) The CSPA 2 shall cease to be conditional on the CSPA 2 Unconditional Date on the basis that the consents are granted upon terms and conditions which are acceptable to JPSB and MSBPSB.

The provisional lease for both Lot 101 and Lot 102 have been issued by the Lands and Surveys Department of Sarawak, Miri Division to JPSB as the registered proprietor on 18 January 2024, thereby fulfilling the condition precedent stated in Section 1(i)(a) of this Appendix II. As at the LPD, save for the condition precedent stated in Section 1(i)(a) of this Appendix II, all the other CSPA 2 Conditions Precedent have yet to be fulfilled.

2. Disposal Consideration 2

- (i) The Disposal Consideration 2 shall be paid by MSBPSB to JPSB in cash in the following manner:
 - (a) a sum of RM7.50 million representing 10% of the Disposal Consideration 2 ("**CSPA 2 Deposit**"), as deposit and part payment upon the execution of the CSPA 2;

SALIENT TERMS OF THE CSPA 2 AND THE SUPPLEMENTARY AGREEMENT 2 (CONT'D)

- (b) a further sum of RM7.50 million representing 10% of the Disposal Consideration 2, as part payment on or before 20 February 2024; and
 - (c) the balance sum of RM60.00 million representing 80% of the Disposal Consideration 2 within 3 months from the CSPA 2 Unconditional Date ("**CSPA 2 Completion Date**"), with a 1-month grace period from the date of expiration of the CSPA 2 Completion Date ("**CSPA 2 Extended Completion Date**").
- (ii) MSBPSB shall pay to JPSB interest at the rate of 8% per annum calculated on a daily basis on the remaining balance of the Disposal Consideration 2 which remains outstanding during the CSPA 2 Extended Completion Date until the said balance shall have been paid in full.
 - (iii) JPSB's solicitors shall retain RM2.25 million representing 3% of the Disposal Consideration 2, which is to be forwarded to the Director General of Inland Revenue in accordance with section 21B of the RPGT Act within 60 days from the date of obtaining the CSPA 2 Consent for Transfer I and CSPA 2 Consent for Transfer II. Such payment shall form part of the balance of the Disposal Consideration 2.
 - (iv) For the avoidance of doubt, the Disposal Consideration 2 is derived on a '*willing buyer willing seller*' basis after taking into account the market value of the Jayamax Estate, including improvements cost thereon and on an 'as is where is' basis free from encumbrances and liabilities which has been appraised by an independent registered valuer appointed by JPSB.

3. Redemption of existing legal charges

- (i) JPSB shall utilise part of the Disposal Consideration 2 to settle the existing loan facility obtained from RHB Bank Berhad so as to redeem Lot 4 and Lot 6 (which forms part of the Jayamax Estate) and discharge the existing legal charges registered over the said Lot 4 and Lot 6 within the CSPA 2 Completion Date or the CSPA 2 Extended Completion Date.
- (ii) JPSB shall procure the redemption statement from RHB Bank Berhad for the redemption of Lot 4 and Lot 6 to be issued to MSBPSB's financier for the redemption process, within the CSPA 2 Completion Date or the CSPA 2 Extended Completion Date.

4. Application for loan by MSBPSB

- (i) MSBPSB requires financing to part finance the Disposal Consideration 2 and shall within 7 days from the date of the CSPA 2, make an application to a licensed bank or financial institution for the requisite loan to complete its purchase of the Jayamax Estate.
- (ii) MSBPSB shall remain liable to pay the Disposal Consideration 2 to RHPBSB within the time period stipulated in the CSPA 2 notwithstanding its failure or delay to obtain financing to part finance its purchase of the Jayamax Estate, or to cause the release of the loan facility by its financier to pay the Disposal Consideration 2 under the CSPA 2.

5. Delivery of vacant possession and completion

- (i) JPSB shall deliver to MSBPSB and MSBPSB shall take possession and management of the Jayamax Estate on an 'as is where is' basis upon full payment of the Disposal Consideration 2 whereupon all risks shall pass to MSBPSB.

SALIENT TERMS OF THE CSPA 2 AND THE SUPPLEMENTARY AGREEMENT 2 (CONT'D)

- (ii) The Proposed Disposal 2 shall be completed on the date of registration of the transfer of legal ownership of the Jayamax Estate to MSBPSB, and the legal charge over the Jayamax Estate to MSBPSB's financier, within the CSPA 2 Completion Date or the CSPA 2 Extended Completion Date.
- (iii) Upon taking possession and management of the Jayamax Estate by MSBPSB, JPSB shall deliver to MSBPSB the original copy of the Environmental Impact Assessment Report together with the approval of the Natural Resources and Environmental Board, the estate licence as well as the permit to sell FFB and certification from the Malaysian Sustainable Palm Oil for the Jayamax Estate. It shall be the obligation of MSBPSB to apply for the necessary licences, permits and certification to operate the oil palm plantation at the Jayamax Estate.
- (iv) JPSB acknowledges that the employees who are currently based and working in the plantation at the Jayamax Estate are the employees of and are employed by JPSB and there shall be no transfer of such employees of JPSB to MSBPSB in connection with the Proposed Disposal 2. Within 7 days from the CSPA 2 Completion Date or the CSPA 2 Extended Completion Date or on a date as shall be mutually agreed between JPSB and MSBPSB, JPSB shall arrange for its employees to be relocated from the Jayamax Estate so that they shall no longer continue to work therein and thereon or remain on the Jayamax Estate.

6. Termination by JPSB

- (i) If MSBPSB fails or refuses or be unable to complete the purchase of the Jayamax Estate even though the CSPA 2 Conditions Precedent shall have been fulfilled for any reasons whatsoever including a failure or delay in obtaining a loan facility to part finance its purchase of the Jayamax Estate or to cause the release of the loan facility for the payment of the Disposal Consideration 2 or any part thereof within the CSPA 2 Completion Date or the CSPA 2 Extended Completion Date, JPSB shall be entitled to terminate the CSPA 2 upon the expiry of 14 days from a written notice given by JPSB to MSBPSB and MSBPSB shall have failed to remedy the breach at its own cost and expense.
- (ii) Upon termination of the CSPA 2, JPSB shall be entitled to forfeit the CSPA 2 Deposit and refund all other sums of money received by JPSB, to MSBPSB. MSBPSB shall return all documents pertaining to the Jayamax Estate including the executed Memorandum of Transfer to JPSB for cancellation, and shall at its own cost and expense, withdraw any caveat lodged against the Jayamax Estate. Thereafter, neither JPSB nor MSBPSB shall have any claim against the other under the CSPA 2.
- (iii) Alternatively, JPSB shall apply to the court for specific performance of the CSPA 2.

7. Termination by MSBPSB

- (i) If JPSB fails or refuses or neglect to complete the sale of the Jayamax Estate in accordance with the CSPA 2 through no fault of MSBPSB and even though the CSPA 2 Conditions Precedent shall have been fulfilled, MSBPSB shall be entitled to terminate the CSPA 2 upon the expiry of 14 days from a written notice given by MSBPSB to JPSB.

SALIENT TERMS OF THE CSPA 2 AND THE SUPPLEMENTARY AGREEMENT 2 (CONT'D)

- (ii) Upon termination of the CSPA 2, JPSB shall refund all sums of money received by JPSB to MSBPSB with interest chargeable at 8% per annum calculated from the date of receipt of such sums by JPSB as pre-agreed liquidated damages. Upon such performance by JPSB, MSBPSB shall return all documents pertaining to the Jayamax Estate including the executed Memorandum of Transfer to JPSB for cancellation, and shall at its own cost and expense, unconditionally withdraw any caveat lodged against the Jayamax Estate. Thereafter, neither JPSB nor MSBPSB shall have any claim against the other under the CSPA 2.
- (iii) Alternatively, MSBPSB shall apply to the court for specific performance of the CSPA 2.

Salient terms of the Supplementary Agreement 2

The Supplementary Agreement 2 has varied the terms of the CSPA 2 regarding the mode of settlement of the Disposal Consideration 2 as set out in Sections 2(i)(b) and (c) of this Appendix II in that:

- (i) the further sum payable by MSBPSB to JPSB as part payment shall be RM2.50 million, representing approximately 3.33% of the Disposal Consideration 2, and shall be payable within 7 days from the date of the Supplementary Agreement 2; and
- (ii) the balance sum of RM65.00 million, representing approximately 86.67% of the Disposal Consideration 2, shall be payable within 2 months from the CSPA 2 Unconditional Date.

Save as otherwise varied by the Supplementary Agreement 2, all other terms and conditions of the CSPA 2 remain unchanged and in full force and effect, and confirmed by JPSB and MSBPSB.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

VALUATION CERTIFICATE

**HENRY BUTCHER MALAYSIA**

International Asset Consultants

8 January 2024

The Board of Directors
Rimbunan Sawit Berhad
 Menara Rimbunan Hijau
 101, Pusat Suria Permata,
 Jalan Upper Lanang,
 96000 Sibu, Sarawak, Malaysia.

Dear Sir,

- (I) CERTIFICATE OF VALUATION OF A PARCEL OF AGRICULTURAL LAND DESCRIBED AS LOT 56 SAWAI LAND DISTRICT, MIRI, SARAWAK MEASURING APPROXIMATELY 4,857.00 HECTARES ("ha") TOGETHER WITH THE OIL PALM PLANTATION AND BUILDINGS ERECTED THEREON ("SELANGOR ESTATE") OR THE ("SUBJECT PROPERTY 1")
- (II) CERTIFICATE OF VALUATION OF 4 PARCELS OF AGRICULTURAL LAND DESCRIBED AS LOTS 4 AND 6, BOTH OF BLOCK 9 DULIT LAND DISTRICT, MIRI, SARAWAK AND LOTS 101 AND 102, BOTH OF SAWAI LAND DISTRICT, MIRI, SARAWAK, COLLECTIVELY MEASURING APPROXIMATELY 5,077.66 HA ("JAYAMAX ESTATE") OR THE ("SUBJECT PROPERTY 2")

This certificate has been prepared for inclusion in the circular to shareholders of Rimbunan Sawit Berhad ("RSB") in relation to the proposed disposal of the Subject Property 1 and Subject Property 2 by R.H. Plantation Sdn Bhd ("RHPSB") and Jayamax Plantation Sdn Bhd ("JPSB"), both being wholly-owned subsidiaries of RSB, to Mahawangsa Sungai Bok Plantation Sdn Bhd (formerly known as *Hua Seng Plantation Sdn Bhd*) for a total disposal consideration of RM165.00 million, to be satisfied entirely in cash ("Proposed Disposal").

In accordance with the instructions from RHPSB and JPSB, we have valued the Subject Property 1 and Subject Property 2 vide our valuation reports ("Reports") for the purpose of the submission to Bursa Malaysia Securities Berhad ("Bursa Securities"). This valuation certificate is to be read in conjunction with the Reports.

Property Description	Land Area (ha)	Market Value (RM)	Date of Inspection	Material Date
i) Selangor Estate (HBMM/VAL/MV/10938/2023) dated 8 January 2024	4,857.00	84,800,000.00	27 November 2023	1 December 2023
ii) Jayamax Estate (HBMM/VAL/MV/10937/2023) dated 8 January 2024	5,077.66	73,000,000.00	28 November 2023	1 December 2023
Total	9,934.66	157,800,000.00		

THIS VALUATION IS CARRIED OUT BASED ON THE FOLLOWING BASIS AND ASSUMPTIONS:-

Property Description	Assumptions
i) Selangor Estate	i, ii, iii, iv, v and vi
ii) Jayamax Estate	i, ii, iii, iv, v, vi and vii

HENRY BUTCHER MALAYSIA (MIRI) Sdn Bhd (566177-X)

Soon Hup Commercial Complex, 1st Floor, S/Lot 9 (906-1-9), Jalan Merbau, 98000 Miri, Sarawak.

t • +6085-442 800 f • +6085-429 699 e • hbmalmiri@yahoo.com w • www.henrybutcher.com.my

Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy
 Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy



VALUATION CERTIFICATE (CONT'D)

- i) **THE SUBJECT PROPERTY 1 AND SUBJECT PROPERTY 2 ARE WITH VACANT POSSESSION AND FREE FROM ALL ENCUMBRANCES;**
- ii) **NO BREACH OF ANY SPECIAL TITLE CONDITION(S) OR ANY CLAUSE(S);**
- iii) **THE LAND AREA AS PER AREA STATEMENT PROVIDED BY RHPSB AND JPSB ARE CORRECT AND ACCURATE UPON FINAL SURVEY BY THE LICENSED LAND SURVEYOR;**
- iv) **THERE IS NO COMPULSORY ACQUISITION ON THE SUBJECT LANDS BY THE STATE;**
- v) **THE DATE AND INFORMATION FURNISHED TO US BOTH VERBALLY AND IN WRITING ARE DEEMED TO BE CORRECT AND ACCURATE;**
- vi) **THE PLANTATION ARE TO BE REHABILITATED BACK TO OPTIMUM PERFORMANCE AND PROPER INFRASTRUCTURE INCLUDING ROADS, DRAINS AND THE CROPS WILL BE PROPERLY AND REGULARLY MAINTAINED BY THE QUALIFIED PERSON; AND**
- vii) **THE CHARGES (INCLUDING LAND PREMIUM, ETC) DUE TO THE AUTHORITIES IN RESPECT OF THE NEWLY ALIENATED LANDS I.E. LOTS 101 AND 102 BOTH OF SAWAI LAND DISTRICT HAD BEEN FULLY PAID AND THE INDIVIDUAL LAND TITLE DOCUMENTS WILL BE ISSUED.**

IT IS TO BE NOTED THAT THE VALUATION WHICH IS BASED ON THE ABOVE BASIS AND ASSUMPTIONS IS ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHTS TO MAKE AMENDMENTS (INCLUDING TO THE MARKET VALUE) IF ANY OF THE ABOVE BASIS AND ASSUMPTIONS IS INVALID/INCORRECT.

"IF ANY PARTIES WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL BASIS AND ASSUMPTIONS AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED."

We confirm that we have valued the Subject Property 1 and Subject Property 2 based on the valuation basis stated below. The Reports and Valuation have been carried out in accordance with the Malaysian Valuation Standards ("MVS") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia and in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia.

The basis of the valuation is the **Market Value** which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In assessing the Market Value of the Subject Property 1 and Subject Property 2, we have adopted both the **Discounted Cash Flow ("DCF") Method** and the **Comparison Approach**.

The rest of this page has been intentionally left blank

VALUATION CERTIFICATE (CONT'D)

Brief details of the Subject Property 1 and Subject Property 2 as extracted from the Reports are as follows:-

Asset
Identification

Details of Land Titles

i) Selangor Estate
RHPSB is the registered proprietor of 1 parcel of land situated in Miri Division, Sarawak, hereinafter referred to as the "Subject Property 1".
ii) Jayamax Estate
JPSB is the registered proprietor of 2 parcels of lands (with another 2 newly alienated lands i.e. Lots 101 and 102 Both of Sawai Land District – provisional lease of title yet to be issued) situated in Miri Division, Sarawak, hereinafter referred to as the "Subject Property 2".

Title Particulars

Item	Title Description	Land Area (ha)	Title Type
i) Selangor Estate			
(1)	Lot No. 58 Sawai Land District	4,857.00	Provisional Lease of State Land
	Total	4,857.00	
ii) Jayamax Estate			
(1)	Lot No. 4 Block 9 Dulit Land District	3,025.70	Provisional Lease of State Land
(2)	Lot No. 6 Block 9 Dulit Land District	1,934.10	Provisional Lease of State Land
(3)	Lot No. 101 Sawai Land District	81.75	Assumed Provisional Lease of State Land - Areas applied & Approved by Land and Surveys Department of Sarawak
(4)	Lot No. 102 Sawai Land District	36.11	
	Total	5,077.66	

Location/Address

i) Selangor Estate
The Subject Property 1 is situated at Sungai Luai and Sungai Bawah, Niah, situated in Miri Division, Sarawak.
The Subject Property 1 is about 105.00 kilometres ("km") (aerial distance) to the South-East of Miri Town, Sarawak.
ii) Jayamax Estate
The Subject Property 2 is situated at Sungai Bok, Tinjar, Baram, situated in Miri Division, Sarawak.
The Subject Property 2 is located about 100.00 km (aerial distance) by road to the South-East of Miri Town, Sarawak.

VALUATION CERTIFICATE (CONT'D)

Accessibility

<p>i) Selangor Estate</p> <p>The Subject Property 1 is accessible from Miri City Centre and can be made by way of Miri-Bintulu Road at 99.00 km and then turn into the junction intersecting the neighbouring estates (about 10.00 km) before reaching the Subject Property 1 boundary (check point) and then to the Subject Property's 1 estate office (about 3.00 km from the check point).</p> <p>Alternatively, the Subject Property 1 is accessible from Miri Town via Miri-Bintulu Road (at 45.00 km), Jalan Bukit Peninjau (25.00 km), Jalan Beluru/Long Teru (22.00 km) and then the trunk road which branches off the Jalan Beluru/Long Teru (formerly known as Tinjar Road) to the RH Oil Palm Mill and RH Bakong Plantation Estate administration office and worker's quarters (3.00 km).</p> <p>The Subject Property 1 is also accessible via Timrest Plantation Estate (estate from the same Rimbunan Hijau Group ("RH Group")), which can be accessed via Miri-Bintulu Road at 89.00 km and then turning into the Kong Tai Road which intersect the plantations of WTK Holdings Berhad and Boustead Holdings Berhad, about 23.00 km, before reaching the Timrest Plantation Estate. Then, from Timrest Plantation Estate, by travelling on the internal estate road to reach the Lubuk Tiara Plantation Estate before reaching the Subject Property 1.</p>
<p>ii) Jayamax Estate</p> <p>The Subject Property 2 is accessible from Miri Town via Miri-Bintulu Road (at 45.00 km), Jalan Bukit Peninjau (25.00 km), Jalan Beluru/Long Teru (22.00 km) and then the trunk road which branches off the Jalan Beluru/Long Teru (formerly known as Tinjar Road) to the RH Oil Palm Mill and RH Bakong Plantation Estate administration office and worker's quarters (3.00 km). From the RH Bakong Estate (adjoining estate from the same RH Group, the internal estate road is used to reach the Subject Property 2.</p> <p>Alternatively, the Subject Property 2 is accessible via Timrest Plantation Estate (adjoining estate from the same RH Group), which can be accessed via Miri-Bintulu Road at 89.00 km and then turning into the Kong Tai Road which cuts throughout the plantations of WTK Holdings Berhad and Boustead Holdings Berhad, about 23.00 km, before reaching the Timrest Plantation Estate. Then, from Timrest Plantation Estate, the internal estate road is taken to reach the Subject Property 2.</p>

Tenure

<p>i) Selangor Estate</p> <p>Leasehold of 60 years expiring on 21 February 2054, an unexpired term of about 31 years remaining.</p>
<p>ii) Jayamax Estate</p> <p>Lots No. 4 and 6 Leasehold of 60 years expiring on 8 April 2059, an unexpired term of about 36 years remaining.</p> <p>Lots No. 101 and 102 Assumed leasehold of 60 years upon the issuance of provisional lease land title.</p>

VALUATION CERTIFICATE (CONT'D)

Category of Land Use

i) Selangor Estate
Mixed Zone Land/Country Land. To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.
ii) Jayamax Estate
Mixed Zone Land/Country Land. To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.

Registered Proprietor

i) Selangor Estate
R.H. Plantation Sdn Bhd
ii) Jayamax Estate
Jayamax Plantation Sdn Bhd

General
Description
of Asset

Description

i) Selangor Estate																																													
The Subject Property 1 is held under Provisional Lease of State Land for oil palm plantation purposes. The Subject Property 1 is situated on 1 parcel of plantation land, with a total land area of 4,857.00 ha more or less. The Subject Property 1 with Year of Planting ("YOP") 1995 to 1997 and 2012 to 2015. The Subject Property 1 is developed into 4 divisions (i.e. Division A, B, C and D) and administratively divided into various blocks.																																													
The Subject Property 1 has a hilly terrain with slopes of varying steepness. The alluvial plains that are found along Sungai Bawah and Sungai Luai, both tributaries of Ulu Sungai Niah are very narrow. The highest point within the Subject Property 1 probably rise to an elevation of about 1,000 feet ("ft") above mean sea level along the ridges found along the eastern boundary and at the south-western corner of the Subject Property 1. Most of the other areas are less than 400 ft high.																																													
The high ridges along the eastern boundary and at the south-western corner of the Subject Property 1 are also the most rugged. The hill slopes here are commonly in excess of 33 degrees. Pockets of land at the centre and at the north-western and south-eastern corners also have steep terrain with some slopes in the range of 25 to 33 degrees.																																													
The breakdown of the land use of the Subject Property 1 is as follows:-																																													
<table border="1"> <thead> <tr> <th>Item</th> <th>Description</th> <th>Area (ha)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>YOP 1995²</td> <td>631.67</td> </tr> <tr> <td>2.</td> <td>YOP 1996²</td> <td>609.67</td> </tr> <tr> <td>3.</td> <td>YOP 1997²</td> <td>1,298.84</td> </tr> <tr> <td>4.</td> <td>YOP 2012</td> <td>22.91</td> </tr> <tr> <td>5.</td> <td>YOP 2013</td> <td>200.56</td> </tr> <tr> <td>6.</td> <td>YOP 2014</td> <td>108.87</td> </tr> <tr> <td>7.</td> <td>YOP 2015</td> <td>18.69</td> </tr> <tr> <td></td> <td>Total planted area</td> <td>2,891.21</td> </tr> <tr> <td>8.</td> <td>Unplanted area³</td> <td>1,710.30</td> </tr> <tr> <td>9.</td> <td>Overhead line⁴</td> <td>71.43</td> </tr> <tr> <td>10.</td> <td>Building site</td> <td>2.22</td> </tr> <tr> <td>11.</td> <td>Nursery</td> <td>1.40</td> </tr> <tr> <td>12.</td> <td>Road and reserved</td> <td>180.44</td> </tr> <tr> <td></td> <td>Total</td> <td>4,857.00¹</td> </tr> </tbody> </table>	Item	Description	Area (ha)	1.	YOP 1995 ²	631.67	2.	YOP 1996 ²	609.67	3.	YOP 1997 ²	1,298.84	4.	YOP 2012	22.91	5.	YOP 2013	200.56	6.	YOP 2014	108.87	7.	YOP 2015	18.69		Total planted area	2,891.21	8.	Unplanted area ³	1,710.30	9.	Overhead line ⁴	71.43	10.	Building site	2.22	11.	Nursery	1.40	12.	Road and reserved	180.44		Total	4,857.00¹
Item	Description	Area (ha)																																											
1.	YOP 1995 ²	631.67																																											
2.	YOP 1996 ²	609.67																																											
3.	YOP 1997 ²	1,298.84																																											
4.	YOP 2012	22.91																																											
5.	YOP 2013	200.56																																											
6.	YOP 2014	108.87																																											
7.	YOP 2015	18.69																																											
	Total planted area	2,891.21																																											
8.	Unplanted area ³	1,710.30																																											
9.	Overhead line ⁴	71.43																																											
10.	Building site	2.22																																											
11.	Nursery	1.40																																											
12.	Road and reserved	180.44																																											
	Total	4,857.00¹																																											

VALUATION CERTIFICATE (CONT'D)

Notes:

- 1 Total provisional lease land area of 4,857.00 ha.
- 2 For the Items 1 to 3 above i.e. YOP 1995 to 1997, which is planted more than 25 years ago (one cycle is 25 years). For purpose of the Report and Valuation, we treated these areas due for replanting i.e. value as land with improvement.
- 3 Unplanted area: Vacant and plantable areas, we value these areas i.e. 1,710.30 ha on vacant land basis i.e. raw land value (Please refer to Section 12.0 of the Report for details). Preliminary Environmental Impact Assessment report (June 1996) recommended that 1,106 ha is not suitable for oil palm cultivation. Based on the Management latest satellite imagery and ground field observation, it is estimated that about 300 ha is suitable for oil palm cultivation. However, the balance area can be used for other cultivation purpose.
- 4 Refers to approximately 71.43 ha of the Selangor Estate which is subject to the erection of tower footing thereon for the purpose of the Similajau-Bunut 500kV Transmission Line Project undertaken by Sarawak Energy Berhad ("SEB"). As at the material date of valuation, the construction of the project is still in the progress with crops compensation had been awarded. However, the said area had been excluded in the valuation process due to the fact that the area was occupied by the SEB for the erection of tower footing. Therefore, we had disregarded the value attributable to this affected area in appraising the market value of the Subject Property 1. (Please refer to Section 6.0 and Attachment E of the Report for details.)

The roads within the housing complex of each estate are earth-gravelled road. The estate is linked from one block to another by main estate roads which are earth-gravelled constructions and the field roads or collecting roads are earth roads. The roads are not constructed in any particular direction but follow the natural contours of the terrain which they lie on. Most of the main roads are in motorable condition.

There are various support and service buildings and amenities within the Subject Property 1. Generally the Subject Property 1 has its own guard house, office, store, workshop, executive and staff quarters, workers quarters, chapel, canteen, genset houses, basketball field and others.

The following is the production cost analysis and Oil Extraction Rate ("OER") for the last 5 years:-

Particulars/Year	Actual cost of production					
	FY2018	FY2019	FY2020	FY2021	FY2022	FY Oct 2023
Average OER (%)	19.99	20.00	20.00	20.00	20.00	19.47
Fresh Fruit Branches ("FFB") price (RM/ metric tonnes ("MT"))	419.26	374.37	510.21	855.94	999.15	659.71
Items						
1) Plantation Admin Charges (RM/ha)	677.12	537.57	611.73	707.56	603.66	452.77
2) Maintenance/Cultivation (RM/ha)						
a Manuring	338.78	55.64	6.91	0.41	67.18	175.02
b Weeding	62.74	30.00	18.55	9.37	9.22	35.39
c Field upkeeps & Maintenance	9.70	3.60	20.95	4.33	23.31	2.97
d Road, Bridge & Culverts	56.91	24.16	24.46	83.19	56.89	13.04
e Pest and diseases	0.00	0.00	0.00	0.00	0.00	0.00
f Pruning & Sanitation	12.25	0.00	19.90	0.34	68.39	0.36
Sub Total (RM/ha)	480.38	113.40	90.77	97.64	224.99	226.77
3) Harvesting & Collection Cost (RM/MT)	47.11	51.88	56.08	68.40	92.12	82.94
4) FFB Transport to Mill (RM/MT)	46.73	43.12	45.50	35.75	56.54	73.55
Sub Total (RM/MT)	93.85	95.00	101.57	104.15	148.65	156.49

Source: RHPSB

VALUATION CERTIFICATE (CONT'D)

The following is the yield recorded for the past 5 years (i.e. from 2018 to to-date (Oct 2023)):-

YOP	Age at 2023	Land Area (ha)	Crop Yield ¹ (MT/ha)					Oct-2023
			2018	2019	2020	2021	2022	
1995	27	631.67	7.32	7.35	6.17	2.98	2.03	0.90
1996	26	609.67	5.17	5.68	4.28	2.55	1.68	1.12
1997	25	1,298.84	4.30	3.62	2.24	1.64	1.12	0.91
2012	10	22.91	13.00	11.39	9.92	10.90	9.19	5.56
2013	9	200.56	0.89	2.08	3.12	3.61	3.57	3.69
2014	8	108.87	0.00	0.00	3.12	0.00	0.85	1.20
2015	7	18.69	0.00	0.00	0.03	0.39	1.17	2.49
Total		2,891.21	4.79	4.67	3.66	2.26	1.66	1.20

Source: RHPSB

Note:

1. The crop yield representing all the planted/matured area of the year.

ii) Jayamax Estate

The Subject Property 2 is held under Provisional Lease of State Land for oil palm plantation purposes.

The Subject Property 2 is held under 2 Provisional Lease of State Land known as Lots No. 4 and 6 Both of Block 9 Dulit Land District and 2 newly alienated lands i.e. Lots No. 101 and 102 Both of Sawai Land District, located within Miri Division, Sarawak. The total land area of 5,077.66 ha more or less.

The Subject Property 2 with YOP 2000 to 2012. The Subject Property 2 is developed into various phases (i.e. Phase 1, 2 and 3) and administratively divided into various blocks.

The topography of Subject Property 2 is mainly made up of hilly land with slopes of 8 to 30 degrees. Some of the areas especially those in the South-West and the Eastern boundary are bisected by deep valleys. The central and North-Western portion are less hilly but undulating.

The breakdown of the land use of the Subject Property 2 is as follows:-

Item	Description	Area (ha)
1.	YOP 2000	1,005.10
2.	YOP 2001	1,265.19
3.	YOP 2002	223.17
4.	YOP 2007	77.51
5.	YOP 2009	1,245.49
6.	YOP 2010	855.80
7.	YOP 2012	79.42
	Total planted area	4,751.68
8.	Total unplanted area²	20.85
9.	Building site ³	10.19
10.	Road & reserved ³	86.87
11.	Unplanted ³	122.80
12.	Rocky river ³	75.27
13.	Quarry site ³	10.00
	Total unplanted area	305.13
	Total	5,077.66¹

VALUATION CERTIFICATE (CONT'D)

- Notes: 1 Total provisional lease land area of 5,077.66 ha.
 2 Unplanted area: Vacant and plantable area.
 3 Unplanted areas include rocky river, quarry site, building, road and reserved, etc. For the purpose of the Report and Valuation, we have ignored the value attributable to these areas.

The roads within the Subject Property 2 are generally sand/earth-gravelled roads. The Subject Property 2 is linked from one block to another by the main estate roads, which are of sand/earth-gravelled construction, and the field roads or collecting roads are mixtures of sand/earth-gravelled roads and sandy roads. The roads are not constructed in any particular direction but follow the natural contours of the terrain which they lie on. Most of the main roads are in motorable condition.

There are various support and service buildings and amenities within the Subject Property 2. Generally the Subject Property 2 has its own guard house, office, store, workshop, manager's bungalow, and assistant manager's bungalow, staff quarters, workers quarters, canteen and genset houses.

The following is the production cost analysis and OER for the last 5 years:-

Particulars/Year	Actual cost of production					
	FY2018	FY2019	FY2020	FY2021	FY2022	FY Oct 2023
Average OER (%)	19.97	20.00	20.00	20.00	20.00	20.00
FFB price (RM/ MT)	424.01	372.22	518.33	887.34	1,092.53	670.79
Items						
1) Plantation Admin Charges (RM/ha)	935.47	477.78	451.55	520.83	381.91	396.29
2) Maintenance/Cultivation (RM/ha)						
a Roads/Paths/Bridges	53.07	19.81	25.25	41.03	43.30	21.26
b Weeding	85.34	35.93	3.31	1.39	1.73	5.17
c Pruning/Sanitation	87.81	9.48	29.87	12.45	4.03	-
d Manuring	210.33	0.71	0.18	0.02	17.60	6.09
e Pest and disease	-	-	-	-	-	-
f Repair and Maintenance	42.54	14.94	11.72	12.13	13.00	1.84
Sub Total (RM/ha)	479.09	80.87	70.33	67.02	79.66	34.36
3) Harvesting & Collection cost (RM/MT)	61.75	53.12	71.80	97.84	144.69	172.52
4) FFB Transport to Mill (RM/MT)	31.68	47.26	46.78	36.55	38.74	34.32
Sub Total (RM/MT)	93.42	100.38	118.58	134.39	183.43	206.84

Source: JPSB

The following is the yield recorded for the past 5 years (i.e. from 2018 to to-date (Oct 2023)):-

YOP	Age at 2023	Land Area (ha)	Crop Yield ¹ (MT/ha)					
			2018	2019	2020	2021	2022	Oct-2023
2000	23	1,005.10	5.43	3.45	2.60	1.80	0.74	0.43
2001	22	1,265.19	5.48	3.62	2.60	1.06	0.38	0.18
2002	21	223.17	4.65	2.47	2.14	1.23	0.71	0.13
2007	16	77.51	2.10	2.28	1.97	0.95	0.42	0.43
2009	14	1,245.49	2.80	1.40	1.03	0.72	0.30	0.07
2010	13	855.80	3.02	1.44	0.52	0.25	0.17	0.07
2012	11	79.42	6.27	4.36	1.54	0.93	0.45	0.00
Total		4,751.68	4.24	2.54	1.76	0.99	0.41	0.18

Source: JPSB

Note:

1. The crop yield representing all the planted/matured area of the year.

VALUATION CERTIFICATE (CONT'D)

Market Value:**Methods of Valuation:**

In arriving at the Market Value of the Subject Property 1 and Subject Property 2, we have adopted both the DCF Method and the Comparison Approach.

The DCF Method is used in relation to the cash flow from the planted areas of the Subject Property 1 and Subject Property 2. The Comparison Approach is the market approach of comparing the Subject Property 1 and Subject Property 2 with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, amenities, infrastructure, land restrictions, time element and other relevant factors to arrive at our opinion of value.

DCF Method

The DCF Method is an income based method of valuation and it involves, firstly, the assessment of the cash inflow from the annual gross sale income of the FFB. As the FFB are sold on an ex-mill basis, this can be derived directly with no further deductions made for other logistical costs of sales.

Secondly, the cash outflow, such as the total production costs (including general charges, cultivation and manuring costs, harvesting and collection costs, etc) are deducted to arrive at the net cash flow (i.e. net income). Thirdly, the net cash flow (i.e. net income) is discounted at an appropriate rate of return to reflect the investor/entrepreneur's rate of return taking into consideration the risks involved to earn the income (i.e. profit), opportunity costs of his capital and other factors.

Parameters of DCF Method**(A) Yield Of FFB From the Fields & Economic Life Span of Oil Palms**

FFB yield from the fields, among others, is related to the age of the oil palms, climatic conditions, maintenance and manuring programs undertaken by the Management and a host of other factors. For yield projections, we have assumed that normal and standard agriculture practices shall be adopted (taking into consideration the historical background of the oil palms). The yield projections are also based on the information and statistics published by the Malaysian Palm Oil Board ("MPOB"). In addition, they are reconciled with yields records provided by the Management of the Subject Property 1 and Subject Property 2. Accordingly, we have adopted yield of 2 MT to 18 MT per annum in the DCF Method.

The typical economic life cycle for the oil palms is taken to be 25 years. Although FFB yields may still be obtained after this age, the economics of harvesting FFB from these oil palms are considerably reduced because of the low yield and the difficulty of harvesting; as the oil palms would have grown very tall. However, if the price of FFB or crude palm oil ("CPO") is sufficiently attractive, these oil palms can still be maintained and harvested for a few more years.

Hypothetically, as the oil palms reach the end of their economic life span, replanting would take place and from thereon FFB production could be taken as a long-term yield achievable within the plantation (i.e. taken as a going-concern). For the purpose of the DCF Method, as the replanting involves extra cost, we have therefore adopted the discounting of the cash flow based on one complete life cycle of the existing oil palms. Computations beyond one life cycle are not practical due to the discounting formula's inherent calculation where the present value factor figures are too low.

VALUATION CERTIFICATE (CONT'D)

(B) Sale Price Of FFB Ex-mill (Per MT)

The annual average prices of FFB in RM/MT from 2008 up to to-date figure, based on the published statistics of the MPOB, are as follows:

Average FFB prices in Sarawak, Malaysia

Year	Grade A		Grade B		Grade C	
	OER	RM/MT	OER	RM/MT	OER	RM/MT
2008	21.00%	580.83	20.00%	553.25	19.00%	525.58
2009	21.00%	429.75	20.00%	409.33	19.00%	389.00
2010	21.00%	559.50	20.00%	533.75	19.00%	508.00
2011	22.00%	706.83	21.00%	676.58	20.00%	646.25
2012	22.00%	600.58	21.00%	574.25	20.00%	548.00
2013	22.00%	488.00	21.00%	466.25	20.00%	444.58
2014	22.00%	507.17	21.00%	484.92	20.00%	463.08
2015	22.00%	449.00	21.00%	429.42	20.00%	409.83
2016	22.00%	587.00	21.00%	562.17	20.00%	538.00
2017	22.00%	620.50	21.00%	594.00	20.00%	568.33
2018	22.00%	468.00	21.00%	448.50	20.00%	428.33
2019	22.00%	423.58	21.00%	405.00	20.00%	385.58
2020	22.00%	561.08	21.00%	536.17	20.00%	510.83
2021	22.00%	938.25	21.00%	895.67	20.00%	853.17
2022	22.00%	1,123.25	21.00%	1,072.08	20.00%	1,021.17

An analysis of the above table indicates that the price trend has been fluctuating throughout the last 10 years. However, the average price trend analysis can be summarised as follows:

Year	Grade A (RM/MT)	Grade B (RM/MT)	Grade C (RM/MT)
2 years average	1,030.75	983.88	937.17
3 years average	874.19	834.64	795.06
4 years average	761.54	727.23	692.69
5 years average	702.83	671.48	639.82
6 years average	689.11	658.57	627.90
7 years average	674.52	644.80	615.06
8 years average	646.33	617.88	589.41
9 years average	630.87	603.10	575.37
10 years average	616.58	589.42	562.29

Taking into consideration the FFB reference price, the local CPO prices, future trend and projection, the average FFB price as below is adopted:-

Average FFB Price

Year	Projected CPO Price (RM/MT)	Average FFB Price Obtainable (Ex-Mill) (RM/MT) ¹
2023 onwards (Average Long Term Sustainable Price)	2,900.00	544.00 ²

Notes: 1 Average FFB Price Obtainable (Ex-Mill) is based on the 20% OER (currently Sarawak Average OER is 19.77% in 2022, Sabah/Sarawak and Malaysia Average OER is about 19.99% and 19.63% for the same year, respectively).

2 The average local FFB price over the last 10 years (refer to **Average FFB prices in Sarawak, Malaysia**) is about RM616.58 per MT (Grade A - with OER of 22%), RM589.42 per MT (Grade B - with OER of 21%) and RM562.29 per MT (Grade C - with OER of 20%). Based on market sentiments and historical information, we have taken RM544.00 per MT (CPO in the region of RM2,900.00 per MT and with OER in the region of 20%) to be the average price on a long-term sustainable price (local delivery, ex-mill).

VALUATION CERTIFICATE (CONT'D)

(C) Historical FFB Price and OER of the Subject Property 1 and Subject Property 2

i) Selangor Estate

The Subject Property 1 is a mixture of old and younger mature oil palms. Currently, some of the old mature areas are due for replanting. The historical FFB price and OER achieved for the past eight (8) years provided by RHPSB is as follows:-

Average OER and FFB Price

Subject Property 1 (Average)			MPOB Average (Sarawak) FFB (RM/MT)			
Year	OER (%)	FFB (RM/MT)	Grade A (22%)	Grade B (21%)	Grade C (20%)	OER (Sarawak Average) (%)
2015	19.74	406.88	449.00	429.42	409.83	20.15
2016	19.75	530.02	587.00	562.17	538.00	20.02
2017	19.31	549.03	620.50	594.00	568.33	19.98
2018	19.99	419.26	468.00	448.50	428.33	19.85
2019	20.00	374.37	423.58	405.00	385.58	20.03
2020	20.00	510.21	561.08	536.17	510.83	19.62
2021	20.00	855.94	938.25	895.67	853.17	19.47
2022	20.00	999.15	1,123.25	1,072.08	1,021.17	19.88
Average	19.85	580.61	646.33	617.88	589.41	19.88
Adopted*	20.00	544.00				

Note: * We have adopted the Long-Term Sustainable Average.

Based on the above record it's shown that the average OER achieved by the Subject Property 1 is very fairly compatible to the Sarawak average OER. Currently, the Subject Property 1 is partially due for replanting programme and with a mixed age profile (i.e. old mature with the age of 26 to 28 years old and younger mature with the age of 8 to 11 years old).

During the site inspection, oil palm trees in the Subject Property 1 were growing, even though the plantation had been neglected or lacked proper agricultural practice for the past few years. The Management had proposed a reclaim and rehabilitation programme. Therefore, in our assessment, we have adopted OER of 20.00%, as the oil palm trees in the Subject Property 1 are mature and we expect bigger FFB sizes. With better agricultural practices, (i.e. field upkeep and maintenance) and better harvesting controls, we expect the OER to increase to match or surplus the average OER in Sarawak.

ii) Jayamax Estate

The Subject Property 2 is a mixture of old, young mature and immature oil palms. Currently, some of the old mature areas are due for replanting. The historical FFB price and OER achieved for the past eight (8) years provided by JPBSB is as follows:-

Average OER and FFB Price

Subject Property 2 (Average)			MPOB Average (Sarawak) FFB (RM/MT)			
Year	OER (%)	FFB (RM/MT)	Grade A (22%)	Grade B (21%)	Grade C (20%)	OER (Sarawak Average) (%)
2015	19.76	402.15	449.00	429.42	409.83	20.15
2016	19.69	535.82	587.00	562.17	538.00	20.02
2017	19.50	553.58	620.50	594.00	568.33	19.98
2018	19.97	424.01	468.00	448.50	428.33	19.85
2019	20.00	372.22	423.58	405.00	385.58	20.03
2020	20.00	518.33	561.08	536.17	510.83	19.62
2021	20.00	887.34	938.25	895.67	853.17	19.47
2022	20.00	1,092.53	1,123.25	1,072.08	1,021.17	19.88
Average	19.87	598.25	646.33	617.88	589.41	19.88
Adopted*	20.00	544.00				

Note: * We have adopted the Long-Term Sustainable Average.

VALUATION CERTIFICATE (CONT'D)

Based on the above record it's shown that the average OER achieved by the Subject Property 2 is very fairly compatible to the Sarawak average OER.

Currently, the Subject Property 2 with a mixed age profile (i.e. old mature with the age of 21 to 23 years old and younger mature with the age of 11 to 16 years old).

During the site inspection, oil palm trees in the Subject Property 2 are growing, even though the plantation had been neglected or lacked proper agricultural practice for the past few years. The Management had proposed a reclaim and rehabilitation programme. Therefore, in our assessment, we have adopted OER of 20.00%, as the oil palm trees in the Subject Property 2 are mature and we expect bigger FFB sizes. With better agricultural practices, (i.e. field upkeeping and maintenance) and better harvesting controls, we expect the OER to increase to match or surplus the average OER in Sarawak.

In computing the Net FFB price, we adopted the Kernel Extraction Rate ("**KER**") of 4.5% based on the comparison to the historical KER achieved by the Company for historical period of six (6) years and the range of KER achieved in Sarawak and Malaysia, as the basis in arriving the projected average long term sustainable FFB price.

The historical KER for palm kernel achieved by the estate is as follows:-

KER (%)				
Year	Selangor Estate	Jayamax Estate	MPOB Average (Sarawak)	MPOB Average (Malaysia)
2018	4.50	4.50		
2019	4.50	4.50		
2020	4.50	4.50	4.16	4.90
2021	4.50	4.50	4.38	4.87
2022	4.50	4.50	4.35	4.86
2023*	3.94	4.50	4.38	4.84
Average	4.41	4.50	4.32	4.87
Adopted	4.50	4.50		

Note: * January to October 2023 record

Therefore, we adopted the KER of 4.50% for both the Selangor Estate and the Jayamax Estate.

The rest of this page has been intentionally left blank

VALUATION CERTIFICATE (CONT'D)

(D) Production Cost

In estimating the production costs for the Subject Property 1 and Subject Property 2, we have analysed the historical costs of the Subject Property 1 and Subject Property 2. The costs are reconciled with the estimated production costs of the industry as a whole. Thus, the costs adopted in the DCF Method are as follows:-

i) Selangor Estate

Particular/Year	Cost Adopted		
	Year 2023	Year 2024	Year 2025 onwards
Items			
1) Plantation Admin Charges (RM/ha)	650.00	650.00	650.0
2) Maintenance/Cultivation (RM/ha)			
a Manuring	2,040.00	2,040.00	2,040.00
b Weeding	240.00	240.00	240.00
c Field upkeeps & Maintenance	250.00	250.00	250.00
d Road, Bridge & Culverts	300.00	300.00	300.00
e Pest and diseases	15.00	15.00	15.00
f Pruning & Sanitation	350.00	350.00	350.00
Sub Total (RM/ha)	3,195.00	3,195.00	3,195.00
3) Rehabilitation Works	431.31	2,111.88	
4) Harvesting and Collection Cost (RM/MT)	94.50	94.50	94.50
5) FFB Transport to Mill (RM/MT)	42.50	42.50	42.50
Sub Total (RM/MT)	137.00	137.00	137.00

Source: RHPSB

ii) Jayamax Estate

Particular/Year	Cost Adopted		
	Year 2023	Year 2024	Year 2025 onwards
Items			
1) Plantation Admin Charges (RM/ha)	618.00	618.00	618.00
2) Maintenance/Cultivation (RM/ha)			
a Roads/Paths/Bridges	150.00	150.00	150.00
b Weeding	-	-	-
c Pruning/Sanitation	135.00	135.00	135.00
d Manuring	1,913.00	1,913.00	1,913.00
e Pest and disease	-	-	-
f Repair and Maintenance	250.00	250.00	250.00
Sub Total (RM/ha)	2,448.00	2,448.00	2,448.00
3) Rehabilitation Works	581.37	2,920.94	
3) Harvesting and Collection Cost (RM/MT)	90.00	90.00	90.00
4) FFB Transport to Mill (RM/MT)	35.00	35.00	35.00
Sub Total (RM/MT)	125.00	125.00	125.00

Source: JPSB

VALUATION CERTIFICATE (CONT'D)

(E) Discount Rate used in DCF Computation

The cash flow adopted for market value assessment is before interest payment and tax. The net cash flow is discounted at an appropriate rate of return (an "all risks yield" is used) to reflect the investor/entrepreneur's rate of return (also known as cost of capital), taking into consideration the risks involved to earn the income (profit), opportunity costs of this capital and other factors. The derivation of all risk yields would take into consideration the following factors:-

Risk free yield in Malaysia + Premium over above to reflect risks for such investment

The starting point, in determining the risk-free yield is always the yield as obtained from a risk free instrument and the benchmark adopted is the 10 years government bond/security.

In Malaysia, we note that the Malaysian Government Securities (conventional) indicative yield to maturity ("YTM") rate for 10 years with maturity date on August 2033, was traded (as at 1 December 2023) at 3.86%. The present Base Lending Rate (BLR) for Malayan Banking Berhad is 6.65% per annum, which results in general borrowing interest rate of around 7.65% to 8.65% per annum.

Source: www.bnm.gov.my

Taking into consideration of the above, we thus adopt a discount rate of 10.0% for mature oil palm cultivation as we opine that this is a fair and suitable rate for the valuation. We have considered the government bonds of 3.86% in adopting discount rate of 10.0%. As there is much greater risk factor in the running and investment in an oil palm plantation as compared with the investment in government bonds. The adopted discount rate reflects 6.14% margin spread (i.e. 10.0% minus 3.86%) above the long-term risk free yield rate which is sufficient to remunerate industry and entrepreneur return on investment and 8.0% for reversionary rate.

(F) Basic Land Value

This is the scrub value or value to which the planted land reverts at the end of the economic life of the oil palms and includes the infrastructure on the Subject Property 1 and Subject Property 2 and cost savings in clearing.

Unimproved land value is the open market value of the land in an unimproved state (i.e. under secondary jungle and is assessed by the Comparison Approach). This entails comparing the Subject Property 1 and Subject Property 2 with similar properties in the locality that were recently sold with adjustments made for location, size, shape, topography, amenities, infrastructure, soil, tenure, title restrictions, if any, and other relevant characteristics to arrive at the market value of the Subject Property 1 and Subject Property 2.

With unimproved land value we add back a portion of clearing cost and the whole of infrastructure cost, to derive the basic land value.

Summary of the basic land value for the Subject Property 1 and Subject Property 2

i) Selangor Estate			
Estate	Description		Basic land value (RM/ha)
	Vacant/Unimproved land value (RM/ha)**	Cost savings in clearing and infrastructure (RM/ha)*	
Subject Property 1	12,240.00	9,579.48	21,819.48

Notes: * The cost savings in clearing and infrastructure is based on the total cost of infrastructure provided by RHPSPB at RM18,061,160.72 over total developed area of 3,075.27 ha (planting area, cleared site, building, road reserve, etc) and with site clearance cost (RM3,706.45 per ha) which amounts to RM9,579.48 per ha.

** The derivation of vacant/unimproved land value is as follows:-

VALUATION CERTIFICATE (CONT'D)

Vacant Land (Unimproved Land Value)

There are various transactions of vacant oil palm plantation lands in Sarawak. The following transactions were sourced from Jabatan Penilaian Dan Perkhidmatan Harta ("JPPH"), Sarawak.

Items	Comparable 1	Comparable 2	Comparable 3
Title(s)	Lot 1210 Puyut Land District	Lot 1 Block 9 Lassa Land District	Lot 6 Block 40 Kabang Land District
Company	Magna Wide Sdn Bhd	Grand Mutal Sdn Bhd	Hua Seng Plantation Sdn Bhd
Locality	Marudi, Baram, Miri	Loba Kabang, Mukah	Kabang Road, Sibul
Type of soil	Peat	Peat	Peat
Land area	5,003.00 ha	7,707.40 ha	4,562.00 ha
Tenure	60 years lease term expiring on 23 September 2068	60 years lease term expiring on 13 December 2060	60 years lease term expiring on 13 December 2060
Description	Vacant	Vacant	Vacant
Transaction	22 November 2010	21 October 2013	23 March 2016
Terms and Conditions	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.		
Transaction amount	RM7,887,622.00	RM76,181,480.00	RM73,290,355.00
Vendor	Magna Wide Sdn Bhd	Bintulu Lumber Development Sdn Bhd	Hua Seng Plantation Sdn Bhd
Purchaser	Sarawak Oil Palms Bhd	Grand Mutal Sdn Bhd	Kristal Mahamas Sdn Bhd
Transaction structure	Sale of Magna Wide Plantation Land	Sale of Bintulu Lumber Plantation Land	Sale of Hua Seng Plantation Land
Share Transfer	16.79%	100%	100%
Analysis	RM9,389.98 per ha	RM9,884.20 per ha	RM16,065.40 per ha
Adjustments	<u>Upward adjustment</u> Time, land size, share transfer <u>Downward adjustment</u> Infrastructure/accessibility, terrain, tenure/lease term	<u>Upward adjustment</u> Time, land size <u>Downward adjustment</u> Location, infrastructure/accessibility, terrain	<u>Upward adjustment</u> Time <u>Downward adjustment</u> Location, infrastructure/accessibility, terrain
Adjusted value	RM11,857.67 per ha	RM10,991.23 per ha	RM12,241.83 per ha
Source	JPPH, Miri	JPPH, Mukah	JPPH, Sibul

We consider comparable 3 as the best comparable as it is the most recent transaction.

The rest of this page has been intentionally left blank

VALUATION CERTIFICATE (CONT'D)

ii) Jayamax Estate

Estate	Description		Basic land value (RM/ha)
	Vacant/Unimproved land value (RM/ha)**	Cost savings in clearing and infrastructure (RM/ha)*	
Subject Property 2	12,240.00	9,604.81	21,844.81

Notes: * The cost savings in clearing and infrastructure is based on the total cost of infrastructure provided by JPSB at RM28,722,580.00 over total developed area of 4,869.59 ha (planting area, cleared site, building, road reserve, etc) and with site clearance cost (RM3,706.45 per ha) which amounts to RM9,604.81 per ha.

** The derivation of vacant/unimproved land value is as follows:-

Vacant Land (Unimproved Land Value)

There are various transactions of vacant oil palm plantation lands in Sarawak. The following transactions were sourced from JPPH, Sarawak.

Items	Comparable 1	Comparable 2	Comparable 3
Title(s)	Lot 1210 Puyut Land District	Lot 1 Block 9 Lassa Land District	Lot 6 Block 40 Kabang Land District
Company	Magna Wide Sdn Bhd	Grand Mutual Sdn Bhd	Hua Seng Plantation Sdn Bhd
Locality	Marudi, Baram, Miri	Loba Kabang, Mukah	Kabang Road, Sibul
Type of soil	Peat	Peat	Peat
Land area	5,003.00 ha	7,707.40 ha	4,562.00 ha
Tenure	60 years lease term expiring on 23 September 2068	60 years lease term expiring on 13 December 2060	60 years lease term expiring on 13 December 2060
Description	Vacant	Vacant	Vacant
Transaction	22 November 2010	21 October 2013	23 March 2016
Terms and Conditions	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.		
Transaction amount	RM7,887,622.00	RM76,181,480.00	RM73,290,355.00
Vendor	Magna Wide Sdn Bhd	Bintulu Lumber Development Sdn Bhd	Hua Seng Plantation Sdn Bhd
Purchaser	Sarawak Oil Palms Bhd	Grand Mutual Sdn Bhd	Kristal Mahamas Sdn Bhd
Transaction structure	Sale of Magna Wide Plantation Land	Sale of Bintulu Lumber Plantation Land	Sale of Hua Seng Plantation Land
Share Transfer	16.79%	100%	100%
Analysis	RM9,389.98 per ha	RM9,884.20 per ha	RM16,065.40 per ha
Adjustments	<u>Upward adjustment</u> Time, share transfer <u>Downward adjustment</u> Infrastructure/accessibility, terrain, tenure/lease term	<u>Upward adjustment</u> Time, location, land size <u>Downward adjustment</u> Location, infrastructure/accessibility, terrain	<u>Upward adjustment</u> Time <u>Downward adjustment</u> Location, infrastructure/accessibility, terrain
Adjusted value	RM11,568.46 per ha	RM10,304.28 per ha	RM12,241.83 per ha
Source	JPPH, Miri	JPPH, Mukah	JPPH, Sibul

We consider comparable 3 as the best comparable as it is the most recent transaction.

VALUATION CERTIFICATE (CONT'D)

Comparison Approach**Land Planted with Oil Palm Trees**

Our findings from the Lands and Surveys Department, Sarawak, revealed that there are other transactions of agricultural land planted with oil palms and are as follows:-

i) Selangor Estate			
Item	Comparable 4	Comparable 5	Comparable 6
Title(s)	Lot 1037 Bijat Land District and 16 other titles	Lot 28 Block 30 Lassa Land District	Lots No. 278 And 860 Both Of Block 1 Batu Api Land District and others (Total 19 parcels of lands)
Name	Tranvale Plantation	Hua Seng Plantation	Durafarm Plantation Estate
Locality	Tisak, Skrang, Sri Aman	Loba Kabang, Batang Lassa, Mukah	Betong, Sibul
Accessibility	Road frontage	Internal road frontage	Internal road frontage
Type of soil	Peat	Peat	Peat
Terrain	Flat	Flat	Flat
Category	Mixed zone land /country land	Mixed zone land /country land	Mixed zone land /Country land
Land area	8,803.845 ha	4,683.00 ha	5,040.9684.00 ha
Tenure/Date of expiry	99 years lease term expiring on 1 December 2107	60 years lease term expiring on 13 December 2060	60 years lease term expiring on 3 December 2060 Perpetuity (2 titles - 5.4669 ha)
Planting status	1 to 4 years old. Fully developed.	7-9 years old. 4,467.52 ha planted, 215.48 ha as unplanted area.	0-5 and 14-19 years old. 4,010.57 ha planted, 1,030.3984 ha as vacant land.
Stand Per Hectare ("SPH")	150 palms	144 palms	144 palms
Transaction	23 January 2015	18 October 2016	19 October 2023
Purpose of land	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.		
Share Transfer	100%	100%	70%
Transaction Amount	RM506,853,904.00	RM307,205,889.00	RM132,200,000.00
Vendor	Tranvale Plantation Sdn Bhd	Hua Seng Plantation Sdn Bhd	Ocarina Development Sdn. Bhd.
Purchaser	TH Estates (Holdings) Sdn Bhd	Primula Gemilang Sdn Bhd	BioFarm Venture Sdn. Bhd.
Transaction structure	Sale of Tranvale Plantation	Sale of Hua Seng Plantation	Sale of Durafarm Plantation
Analysis	RM57,571.88 per ha	RM65,600.23 per ha	RM37,464.76 per ha
Adjustments	<u>Upward adjustment</u> Time, land size <u>Downward adjustment</u> Age of crop, location, developed area, infrastructure/accessibility, terrain, SPH, condition, tenure/lease term	<u>Upward adjustment</u> Time <u>Downward adjustment</u> Age of crop, location, developed area, infrastructure/accessibility, terrain, SPH, condition	<u>Upward adjustment</u> Time, share transfer <u>Downward adjustment</u> Age of crop, location, developed area, infrastructure/accessibility, terrain, SPH, condition
Adjusted value	RM26,799.71 per ha	RM24,403.29 per ha	RM19,725.04 per ha
Sources	JPPH, Sri Aman	JPPH, Mukah	Announcement by WTK Holdings Berhad on Bursa Securities dated 11 August 2023 for the proposed acquisition of 70% equity interest in Durafarm Sdn Bhd for a total cash consideration of RM132,200,000.00.

We consider comparable 6 as the best comparable as it is the most recent transaction.

VALUATION CERTIFICATE (CONT'D)

The adjusted value reflects the time lag, location, developed area, SPH, infrastructure, size and tenure (grant and lease term) of the property. The Market Value derived from the Comparison Approach is RM95,800,000.00 (Ringgit Malaysia: Ninety-Five Million Eight Hundred Thousand Only).

ii) Jayamax Estate

Item	Comparable 4	Comparable 5	Comparable 6
Title(s)	Lot 1037 Bijat Land District and 16 other titles	Lot 28 Block 30 Lassa Land District	Lots No. 278 And 860 Both Of Block 1 Batu Api Land District and others (Total 19 parcels of lands)
Name	Tranvale Plantation	Hua Seng Plantation	Durafarm Plantation Estate
Locality	Tisak, Skrang, Sri Aman	Loba Kabang, Batang Lassa, Mukah	Betong, Sibu
Accessibility	Road frontage	Internal road frontage	Internal road frontage
Type of soil	Peat	Peat	Peat
Terrain	Flat	Flat	Flat
Category	Mixed zone land /country land	Mixed zone land /country land	Mixed zone land /country land
Land area	8,803.845 ha	4,683.00 ha	5,040.9684 ha
Tenure/Date of expiry	99 years lease term expiring on 1 December 2107	60 years lease term expiring on 13 December 2060	60 years lease term expiring on 3 December 2060 Perpetuity (2 titles - 5.4669 ha)
Planting status	1 to 4 years old. Fully developed.	7-9 years old. 4,467.52 ha planted, 215.48 ha as unplanted area.	0-5 and 14-19 years old. 4,010.57 ha planted, 1,030.3984 ha as vacant land.
Stand Per Hectare ("SPH")	150 palms	144 palms	144 palms
Transaction	23 January 2015	18 October 2016	19 October 2023
Purpose of land	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.		
Share Transfer	100%	100%	70%
Transaction Amount	RM506,853,904.00	RM307,205,889.00	RM132,200,000.00
Vendor	Tranvale Plantation Sdn Bhd	Hua Seng Plantation Sdn Bhd	Ocarina Development Sdn. Bhd.
Purchaser	TH Estates (Holdings) Sdn Bhd	Primula Gemilang Sdn Bhd	BioFarm Venture Sdn. Bhd.
Transaction structure	Sale of Tranvale Plantation	Sale of Hua Seng Plantation	Sale of Durafarm Plantation
Analysis	RM57,571.88 per ha	RM65,600.23 per ha	RM37,464.76 per ha
Adjustments	<u>Upward adjustment</u> Time, land size <u>Downward adjustment</u> Age of crop, location, developed area, infrastructure/accessibility, terrain, SPH, condition, tenure	<u>Upward adjustment</u> Time <u>Downward adjustment</u> Age of crop, location, developed area, land size, infrastructure/accessibility, terrain, SPH, condition	<u>Upward adjustment</u> Time, share transfer <u>Downward adjustment</u> Age of crop, location, developed area, infrastructure/accessibility, terrain, SPH, condition
Adjusted value	RM19,142.65 per ha	RM17,895.74 per ha	RM15,931.76 per ha
Sources	JPPH, Sri Aman	JPPH, Mukah	Announcement by WTK Holdings Berhad on Bursa Securities dated 11 August 2023 for the proposed acquisition of 70% equity interest in Durafarm Sdn Bhd for a total cash consideration of RM132,200,000.00.

We consider comparable 6 as the best comparable as it is the most recent transaction.

VALUATION CERTIFICATE (CONT'D)

The adjusted value reflects the time lag, location, developed area, SPH, infrastructure, size and tenure (grant and lease term) of the property. The Market Value derived from the Comparison Approach is RM80,900,000.00 (Ringgit Malaysia: Eighty Million Nine Hundred Thousand Only).

DCF Method

DCF Method is an income based method of valuation. The market value to be derived arises from the benefits of the sales of the oil palm fruits planted thereon.

In the DCF Method, we rely on the following parameters:

i) Selangor Estate	
Long term FFB price	: RM544.00 per MT
Yield	: 2 MT to 18 MT per annum
Field maintenance	: RM3,195.00 per ha per annum
General charges	: RM650.00per ha per annum
Harvesting and collection cost	: RM94.50 per MT per annum
Transportation to mill	: RM42.50 per MT
Discount rate	: 10%
Discount period	: From year 2023 to year 2040
Basic land value	: RM21,819.48 per Ha
Notes :	
Long term FFB price	- The average local FFB price over the last 10 years is about RM616.58 per MT (Grade A - with OER of 22%), RM589.42 per MT (Grade B - with OER of 21%) and RM562.29 per MT (Grade C - with OER of 20%). Based on market sentiments and historical information, we have taken RM544.00 per MT (CPO in the region of RM2,900.00 per MT & with OER in the region of 20%) to be the average price on a long-term sustainable price (local delivery, ex-mill).
Yield	- Based on the Company's projection and the MPOB data.
Plantation admin charges, maintenance/cultivation, harvesting and FFB transport to mill	- Based on the past 5 years historical cost of production, 3 years Company's projection and valuer's estimate.
Discount rate	- The adopted discount rate of 10% for oil palm cultivation reflects risk and return on investment over the long-term risk-free yield which is derived from Malaysian Government Securities and also the present base lending rate.
Discount period	- The remaining period of the economic life cycle for the palms (i.e. one cycle is about 25 years).
Basic land value	- The basic land value adopted is after taking into consideration the building cost, infrastructure cost analysed over total developed area of 3,075.27 ha.
The Market Value derived from the DCF Method is RM84,800,000.00 (Ringgit Malaysia Eighty-Four Million Eight Hundred Thousand Only).	

The rest of this page has been intentionally left blank

VALUATION CERTIFICATE (CONT'D)

ii) Jayamax Estate

Long term FFB price	: RM544.00 per MT
Yield	: 2 MT to 18 MT per annum
Field maintenance	: RM2,448.00 per ha per annum
General charges	: RM618.00 per ha per annum
Harvesting and collection cost	: RM90.00 per MT per annum
Transportation to mill	: RM35.00 per MT
Discount rate	: 10%
Discount period	: From year 2023 to year 2037
Basic land value	: RM21,844.81 per Ha

Notes :

- Long term FFB price* - The average local FFB price over the last 10 years is about RM616.58 per MT (**Grade A** - with OER of 22%), RM589.42 per MT (**Grade B** - with OER of 21%) and RM562.29 per MT (**Grade C** - with OER of 20%). Based on market sentiments and historical information, we have taken RM544.00 per MT (CPO in the region of RM2,900.00 per MT & with OER in the region of 20%) to be the average price on a long-term sustainable price (local delivery, ex-mill).
- Yield* - Based on the Company's projection and the MPOB data.
- Plantation admin charges, maintenance/cultivation, harvesting and FFB transport to mill* - Based on the past 5 years historical cost of production, 3 years Company's projection and valuer's estimate.
- Discount rate* - The adopted discount rate of 10% for oil palm cultivation reflects risk and return on investment over the long-term risk-free yield which is derived from Malaysian Government Securities and also the present base lending rate.
- Discount period* - The remaining period of the economic life cycle for the palms (i.e. one cycle is about 25 years).
- Basic land value* - The basic land value adopted is after taking into consideration the building cost, infrastructure cost analysed over total developed area of 4,869.59 ha.

The Market Value derived from the DCF Method is RM73,000,000.00 (Ringgit Malaysia Seventy-Three Million Only).

The rest of this page has been intentionally left blank

VALUATION CERTIFICATE (CONT'D)


RECONCILIATION OF VALUE – Opinion of Value

We have adopted both the DCF Method and the Comparison Approach to estimate the Market Value of the Subject Property 1 and Subject Property 2:

i) Selangor Estate	
Income Approach – DCF Method	Comparison Approach
RM84,800,000.00	RM95,800,000.00
<p>In arriving at the final Market Value of the Subject Property 1, we have adopted the DCF Method over Comparison Approach, because of the on-going nature of an operational estate. Costing figures are available and fairly reliable, and consideration can be given to different YOP, SPH, different yield patterns, costs of production, etc, which are unique to the estate. DCF Method requires consideration of all the above to derive the market value, which is more actual, realistic and certain. On the other hand, to find a perfect comparable sale is impossible and value derived has to be based on a subjective evaluation and computation relying on value-based factors only. As such, the Comparison Approach should only be used as a guide. It is our considered opinion that the Market Value of the Subject Property 1, free from all encumbrances is RM84,800,000.00 (Ringgit Malaysia: Eighty-Four Million Eight Hundred Thousand Only).</p>	
ii) Jayamax Estate	
Income Approach – DCF Method	Comparison Approach
RM73,000,000.00	RM80,900,000.00
<p>In arriving at the final Market Value of the Subject Property 2, we have adopted the DCF Method over Comparison Approach, because of the on-going nature of an operational estate. Costing figures are available and fairly reliable, and consideration can be given to different YOP, SPH, different yield patterns, costs of production, etc, which are unique to each of the estate. DCF Method requires consideration of all the above to derive the market value, which is more actual, realistic and certain. On the other hand, to find a perfect comparable sale is impossible and value derived has to be based on a subjective evaluation and computation relying on value-based factors only. As such, the Comparison Approach should only be used as a guide. It is our considered opinion that the Market Value of the Subject Property 2, free from all encumbrances is RM73,000,000.00 (Ringgit Malaysia: Seventy-Three Million Only).</p>	

CERTIFICATION

The Valuation of the above has been carried out by Sr. Chai Cheon Nyiap (Registered Valuer V414) of Henry Butcher Malaysia (Miri) Sdn. Bhd.


Sr. CHALCHEON NYIAP
 B.Sc (Hons) MIS (M) MRICS
 Registered Valuer (V414)



ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

All information relating to MSBPSB in this Circular have been obtained from publicly available sources and/or provided by the management of MSBPSB. The responsibility of the Board with respect to such information is limited to ensuring that such information has been accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST**(i) RHB Investment Bank**

RHB Investment Bank, being the Principal Adviser to RSB for the Proposed Disposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, among others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or its affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The businesses of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

ADDITIONAL INFORMATION (CONT'D)

As at the LPD, RHB Banking Group had extended credit facilities amounting to approximately RM13.68 million (with an amount of approximately RM13.60 million outstanding) to RSB Group ("**Credit Facilities to RSB Group**"). The Credit Facilities to RSB Group represent approximately 0.04% of the audited consolidated NA of RHB Bank of approximately RM30.87 billion as at 31 December 2023. Further, the Group will be utilising approximately RM86.11 million of the Disposal Considerations for partial repayment of the interest-bearing borrowings of the Group which among others, includes the Credit Facilities to RSB Group, being the redemption sum to discharge the legal charge registered by RHB Bank over the Jayamax Estate.

In addition, RHB Banking Group had also extended credit facilities amounting to RM178.00 million to MSBPSB to among others, part finance its acquisition of the Disposal Land ("**Credit Facilities to MSBPSB**"). The Credit Facilities to MSBPSB represent approximately 0.58% of the audited consolidated NA of RHB Bank of approximately RM30.87 billion as at 31 December 2023.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to RSB for the Proposed Disposals are mitigated by the following:

- (a) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to RSB for the Proposed Disposals is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to RSB for the Proposed Disposals;
- (b) the Credit Facilities to RSB Group and the Credit Facilities to MSBPSB were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM30.87 billion as at 31 December 2023;
- (c) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act, 2013, the Capital Markets and Services Act, 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

Save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to RSB for the Proposed Disposals.

ADDITIONAL INFORMATION (CONT'D)

(ii) Henry Butcher (Miri)

Henry Butcher (Miri), being the Valuer to the Company for the Disposal Land in respect of the Proposed Disposals, has given and has not subsequently withdrawn its written consent for the inclusion of its name as well as the Valuation Certificate and the extracts of the Valuation Reports and all references thereto in the form and context in which they appear in this Circular.

Henry Butcher (Miri) confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Valuer to the Company for the Disposal Land in respect of the Proposed Disposals.

3. MATERIAL COMMITMENTS

As at the LPD, save as disclosed below, there is no other material commitment incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group:

Capital commitments	RM'000
Contracted but not provided for	8,753
Total	<u>8,753</u>

4. CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, there is no other contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the financial results/position of the Group:

Contingent liabilities	RM'000
Corporate guarantee given by RSB to licenced banks for credit facilities granted to subsidiaries	323,352
Total	<u>323,352</u>

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, save as disclosed below, the Group is not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Company and/or the Group, and the Board is not aware of any proceedings, pending or threatened, against the Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group, or which otherwise involve the Group or the Disposal Land:

Timrest Sdn Bhd ("**TSB**"), a wholly-owned subsidiary of RSB, has filed an application for judicial review at the Kuala Lumpur High Court ("**Court**") vide Court No. WA-25-22-01/2021, to challenge the notices of assessments for the years of assessment 2012, 2014 and 2015, and the notices of additional assessment for the years of assessment 2010, 2011, 2013, 2016 and 2017, all of which are dated 23 December 2020 (collectively, the "**Assessments**") and amounting to a total claim of RM56,329,111.14.

ADDITIONAL INFORMATION (CONT'D)

In the application, TSB applied for an order for Menteri Kewangan Malaysia to exercise its powers under section 135 and/or section 127(3A) of the Income Tax Act, 1967 ("**ITA**") to set aside the Assessments. TSB also applied for a declaration that the gains arising from TSB's disposal of cultivation rights of an oil palm plantation with a gross licenced area of 15,017 hectares located within the Samarahan and Sri Aman divisions in Sarawak ("**Simunjan Estate**") in the year of assessment 2018 are subject to the RPGT Act, and an order that all further proceedings in relation to the Assessments, including the enforcement and effect, be stayed until the judicial review application has been determined.

The Assessments arose as a result of the contention of the Director General of Inland Revenue ("**DGIR**") that the disposal of cultivation rights under the licence for planted forests (which was granted by the Director of Forests to Rejang Height Sdn Bhd, being one of the subsidiaries within RSB Group, in 2004 which allows the licensee to establish, develop and maintain the Simunjan Estate for a period of 60 years expiring on 21 March 2064 in the manner as specified in the tree planting plan therein and to harvest the same, and undertake oil palm planting activities for a period of 25 years expiring on 21 March 2029, after which, the Simunjan Estate must be planted with trees other than oil palm ("**Licence**") in 2018 rendered TSB engaging in an adventure or concern in the nature of trade, and hence, the disposal was therefore subject to income tax under the ITA instead of real property gains tax under the RPGT Act. The claim of agriculture allowance under Schedule 3 of the ITA on the expenditure incurred on planting activities arising from the Simunjan Estate was consequently disallowed for the years of assessment 2010 to 2017.

TSB has filed an appeal to the Court of Appeal against the Court's decision in dismissing TSB's application for leave to commence judicial review on 28 November 2023. During the case management on 26 February 2024, the Court of Appeal has directed the parties to attend case management on 13 May 2024 to provide an update on the status of filing of the supplementary record of appeal, including the grounds of judgment and the notes of proceedings.

Meanwhile, TSB has filed an appeal to the Special Commissioners of Income Tax ("**SCIT**") on the issue of penalty, as to whether the DGIR has any legal or factual basis to impose penalty against TSB for the years of assessment 2010 to 2017 under section 113(2) of the ITA. The trial for this appeal has been fixed on 1 July 2024 and 2 July 2024.

Further, TSB has filed an application for a stay of proceedings in respect of the Assessments including as to its enforcement until the full and final determination of TSB's appeal before the SCIT and/or TSB's appeal to the Court of Appeal against the Court's decision. On 27 November 2023, the Court granted an interim stay until the full disposal of TSB's application for stay of proceedings. This means that the disputed taxes arising from the Assessments do not have to be paid until TSB's application for a stay of proceedings is heard and decided. There is no specified timeline for the interim stay to expire, but it will remain in effect until the Court renders its decision on TSB's application for stay of proceedings.

The solicitors having conduct of this matter have advised the Board that TSB has an arguable case for the reasons that there are no legal or factual basis to subject the gains arising from TSB's disposal of cultivation rights under the Licence at the Simunjan Estate in 2018 to section 4(a) of the ITA, and to disallow TSB's claim for agriculture allowance upon the expenditure incurred on planting activities at the Simunjan Estate despite TSB having satisfied all the requirements listed under Paragraph 7, Schedule 3 of the ITA and the Public Ruling No. 1/2016 of the Inland Revenue Board of Malaysia. The solicitors have also advised the Board that TSB has an arguable case for appeal on the grounds that the DGIR has neither legal nor factual basis to impose penalty against TSB under section 113(2) of the ITA.

ADDITIONAL INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) Constitution of RSB;
- (ii) audited consolidated financial statements of RSB Group for the past 2 financial years up to the FYE 31 December 2022 and the unaudited consolidated results for 12-month financial period ended 31 December 2023;
- (iii) Valuation Certificate and Valuation Reports;
- (iv) CSPAs and Supplementary Agreements;
- (v) letters of consent and declaration of conflict of interest referred to in Section 2 of this Appendix IV; and
- (vi) relevant cause papers in respect of the material litigation referred to in Section 5 of this Appendix IV.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Registration No. 200501014346 (691393-U))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Rimbunan Sawit Berhad ("**RSB**" or the "**Company**") will be held at Level 2, North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak on Monday, 8 April 2024 at 12.30 p.m. or any adjournment thereof, to consider and if thought fit, with or without modifications, passing the following resolutions by way of poll:

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL OF A PARCEL OF AGRICULTURAL LAND DESCRIBED AS LOT 56 SAWAI LAND DISTRICT, MIRI, SARAWAK MEASURING APPROXIMATELY 4,857.00 HECTARES TOGETHER WITH THE OIL PALM PLANTATION AND BUILDINGS ERECTED THEREON, KNOWN AS THE SELANGOR ESTATE, BY R. H. PLANTATION SDN BHD ("RHPSB**")**, A WHOLLY-OWNED SUBSIDIARY OF RSB, TO MAHAWANGSA SUNGAI BOK PLANTATION SDN BHD (*FORMERLY KNOWN AS HUA SENG PLANTATION SDN BHD*) ("**MSBPSB**") FOR A DISPOSAL CONSIDERATION OF RM90.00 MILLION TO BE SATISFIED ENTIRELY IN CASH ("**PROPOSED DISPOSAL 1**")

"**THAT** subject to and conditional upon the approvals and consents of all relevant authorities and/or parties being obtained and the conditions precedent in the conditional sale and purchase agreement dated 21 December 2023 ("**CSPA 1**") as varied by the supplementary agreement to the CSPA 1 dated 21 February 2024 entered into between RHPSB as the vendor and MSBPSB as the purchaser for the Proposed Disposal 1 being fulfilled and/or waived (as the case may be), approval be and is hereby given to RHPSB to dispose the Selangor Estate for a disposal consideration of RM90,000,000 to be satisfied entirely in cash;

THAT the proceeds from the Proposed Disposal 1 be utilised for the purposes set out in Section 2.10 of the circular to shareholders in relation to the Proposed Disposal 1 and the Proposed Disposal 2 (as defined hereunder) dated 22 March 2024 ("**Circular**"), and the Board of Directors of RSB ("**Board**") be authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company;

AND THAT the Board be and is hereby empowered and authorised to take all such steps to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents, agreements, arrangements, undertakings, declarations and/or guarantees to or with any party or parties (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Disposal 1 with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED DISPOSAL OF 4 PARCELS OF AGRICULTURAL LAND DESCRIBED AS LOTS 4 AND 6, BOTH OF BLOCK 9 DULIT LAND DISTRICT, MIRI, SARAWAK AND LOTS 101 AND 102, BOTH OF SAWAI LAND DISTRICT, MIRI, SARAWAK, COLLECTIVELY MEASURING APPROXIMATELY 5,077.66 HECTARES, EACH WITH OIL PALM PLANTATION AND BUILDINGS ERECTED THEREON, KNOWN AS THE JAYAMAX ESTATE, BY JAYAMAX PLANTATION SDN BHD ("JPSB"), A WHOLLY-OWNED SUBSIDIARY OF RSB, TO MSBPSB FOR A DISPOSAL CONSIDERATION OF RM75.00 MILLION TO BE SATISFIED ENTIRELY IN CASH ("PROPOSED DISPOSAL 2")

"**THAT** subject to and conditional upon the approvals and consents of all relevant authorities and/or parties being obtained and the conditions precedent in the conditional sale and purchase agreement dated 21 December 2023 ("**CSPA 2**") as varied by the supplementary agreement to the CSPA 2 dated 21 February 2024 entered into between JPSB as the vendor and MSBPSB as the purchaser for the Proposed Disposal 2 being fulfilled and/or waived (as the case may be), approval be and is hereby given to JPSB to dispose the Jayamax Estate for a disposal consideration of RM75,000,000 to be satisfied entirely in cash;

THAT the proceeds from the Proposed Disposal 2 be utilised for the purposes set out in Section 2.10 of the Circular, and the Board be authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company;

AND THAT the Board be and is hereby empowered and authorised to take all such steps to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents, agreements, arrangements, undertakings, declarations and/or guarantees to or with any party or parties (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Disposal 2 with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company."

BY ORDER OF THE BOARD

TOH KA SOON (MAICSA 7031153)

SSM Practicing Certificate No.: 201908004032

VOON JAN MOI (MAICSA 7021367)

SSM Practicing Certificate No.: 202008001906

Joint Company Secretaries

Sibu, Sarawak
22 March 2024

Notes:

- (1) *A member of the Company who is entitled to attend, participate, speak and vote at the EGM may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the EGM.*
- (2) *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy.*
- (3) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA, it may appoint not more than 2 proxies in respect of each securities account it holds.*
- (4) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

- (5) *Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
- (6) *A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the member to attend, participate, speak and vote at the EGM.*
- (7) *To be valid, the Form of Proxy, duly completed must be deposited at the registered office of the Company at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.*
- (8) *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.*
- (9) *A depositor whose name appears in the Record of Depositors as at 1 April 2024 shall be regarded as a member of the Company entitled to attend, participate, speak and vote at the EGM or appoint a proxy to attend, participate, speak and vote on his behalf.*

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Registration No. 200501014346 (691393-U))
(Incorporated in Malaysia)

FORM OF PROXY

No. of ordinary shares held by Proxy 1	
No. of ordinary shares held by Proxy 2	

*I/We _____
 _____ (*NRIC/Company No. _____)
 of _____
 _____ (full address) being a
 *member/members of **Rimbunan Sawit Berhad** hereby appoint _____
 _____ (*NRIC/Company No. _____)
 of _____
 _____ (full address) or failing *him/her,
 _____ (NRIC No. _____)
 of _____
 _____ (full address)

or Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the extraordinary general meeting ("**EGM**") of the Company to be held on Monday, 8 April 2024 at 12.30 p.m. or any adjournment thereof for/against the resolution(s) to be proposed thereat.

No.	Ordinary Resolution	For	Against
1.	Proposed Disposal 1		
2.	Proposed Disposal 2		

(Please indicate with a (X) in the space above how you wish your vote to be cast. If no specific direction as to voting is indicated, the proxy will vote or abstain as he/she thinks fit.)

*Strike out whichever is not desired.

Dated this _____ day of _____ 2024 _____ Signature / common seal of shareholder(s)

Notes:

- (1) A member of the Company who is entitled to attend, participate, speak and vote at the EGM may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the EGM.
- (2) A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy.
- (3) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA, it may appoint not more than 2 proxies in respect of each securities account it holds.



- (4) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (5) *Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
- (6) *A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the member to attend, participate, speak and vote at the EGM.*
- (7) *To be valid, the Form of Proxy, duly completed must be deposited at the registered office of the Company at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.*
- (8) *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.*
- (9) *A depositor whose name appears in the Record of Depositors as at 1 April 2024 shall be regarded as a member of the Company entitled to attend, participate, speak and vote at the EGM or appoint a proxy to attend, participate, speak and vote on his behalf.*

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARIES
RIMBUNAN SAWIT BERHAD
(Registration No. 200501014346 (691393-U))

North Wing, Menara Rimbunan Hijau
101, Pusat Suria Permata
Jalan Upper Lanang
96000 Sibu
Sarawak

1st fold here

