

RIMBUNAN SAWIT BERHAD ("RSB" OR THE "COMPANY")

- 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 ("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" OR THE "PURCHASER") FOR A DISPOSAL CONSIDERATION OF RM90.00 MILLION TO BE SATISFIED ENTIRELY IN CASH ("PROPOSED DISPOSAL 1"); 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 (COLLECTIVELY, 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")

(COLLECTIVELY REFERRED TO AS THE "PROPOSED DISPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of RSB ("**Board**"), RHB Investment Bank Berhad ("**RHB Investment Bank**") wishes to announce that the wholly-owned subsidiaries of RSB, namely RHPSB and JPSB, had on 21 December 2023 entered into the following agreements:

- (i) a conditional sale and purchase agreement entered into by RHPSB to dispose the Selangor Estate to MSBPSB for a disposal consideration of RM90.00 million ("**Disposal Consideration 1**") to be satisfied entirely in cash ("**CSPA 1**"); and
- (ii) a conditional sale and purchase agreement entered into by JPSB to dispose the Jayamax Estate to MSBPSB for a disposal consideration of RM75.00 million ("**Disposal Consideration 2**") to be satisfied entirely in cash ("**CSPA 2**").

For the purpose of this Announcement, RHPSB and JPSB shall be individually referred to as the "**Vendor**" and collectively referred to as the "**Vendors**". The CSPA 1 and the CSPA 2 shall collectively be referred to as the "**CSPAs**", the Disposal Consideration 1 and Disposal Consideration 2 shall collectively be referred to as the "**Disposal Considerations**" and the Selangor Estate and the Jayamax Estate shall collectively be referred to as the "**Disposal Land**".

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

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.

Please refer to Appendix I of this Announcement for the salient terms of the CSPA 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 3% shall be retained by RHPSB's solicitors as the retention sum for payment to the Director General of Inland Revenue as required under the Real Property Gains Tax Act, 1976 (" RPGT Act ")	9,000,000	10.00
• Part payment of the balance disposal consideration ⁽²⁾	Payable to RHPSB by MSBPSB on or before 20 February 2024	9,000,000	10.00
• Balance disposal consideration ⁽²⁾	Payable to RHPSB by MSBPSB within 3 months from the date the CSPA 1 becomes unconditional, 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	72,000,000	80.00
Total		<u>90,000,000</u>	<u>100.00</u>

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) *The balance disposal consideration (together with the interest charged at 8% per annum from the date of receipt of the balance disposal consideration by RHPSB) is refundable 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.

Please refer to Appendix II of this Announcement for the salient terms of the CSPA 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 3% 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	7,500,000	10.00
• Part payment of the balance disposal consideration ⁽²⁾	Payable to JPSB by MSBPSB on or before 20 February 2024	7,500,000	10.00
• Balance disposal consideration ⁽²⁾	Payable to JPSB by MSBPSB within 3 months from the date the CSPA 2 becomes unconditional, 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	60,000,000	80.00
Total		<u>75,000,000</u>	<u>100.00</u>

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) *The balance disposal consideration (together with the interest charged at 8% per annum from the date of receipt of the balance disposal consideration by JPSB) is refundable 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 Companies Act, 2016 ("**Act**"). On 19 December 2023, MSBPSB assumed its present name. MSBPSB is principally involved in oil palm plantation.

As at 19 December 2023, being the latest practicable date prior to the date of this Announcement ("**LPD**"), MSBPSB has an issued share capital of RM2,000,000 comprising 2,000,000 ordinary shares.

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:

- Datuk Tiong Thai King
- Ronald Tiong Chiong Kai
- Tiong Chiong Ong
- 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 Henry Butcher Malaysia (Miri) Sdn Bhd ("**Valuer**") vide its valuation letter dated 19 December 2023 ("**Valuation Letter**") as set out below:

Disposal Land	Valuation method	Market value RM'000
Selangor Estate	Discounted cash flow (" DCF ") method	84,800
Jayamax Estate	DCF method	73,000
Total		157,800

- (ii) the aggregate net book value ("**NBV**") of the Disposal Land of approximately RM86.38 million based on the latest audited consolidated financial statements of RSB and its subsidiaries ("**RSB Group**" or "**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 Announcement.

The Vendors had appointed the Valuer to undertake an independent valuation on the Disposal Land and the Valuer had, vide its Valuation Letter, 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 fresh fruit bunches ("**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.

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 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

2.6 Pro forma gain on the Proposed Disposals

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 RM77.94 million in relation to the Proposed Disposals as set out below:

	RM'000
Disposal Considerations	165,000
Less:	
- Aggregate audited NBV of the Disposal Land as at 31 December 2022	86,382
- Estimated expenses in relation to the Proposed Disposals	675
Pro forma gain from the Proposed Disposals	77,943

2.7 Liabilities and guarantees

Save for the obligations and liabilities arising from or in connection with the CSPAs pursuant to the Proposed Disposals as set out in Appendices I and II of this Announcement, there are no other liabilities, including contingent liabilities, to be assumed by RSB Group upon completion of the Proposed Disposals. There are also no guarantees given by RSB Group to the Purchaser pursuant to the Proposed Disposals.

2.8 Salient terms of the CSPAs

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

2.9 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	Amount RM'000
Partial repayment of interest-bearing borrowings ⁽¹⁾	Immediately	86,106
New planting and replanting of oil palm ⁽²⁾	Within 12 months	19,100
Working capital requirements ⁽³⁾	Within 12 months	59,119
Defray estimated expenses in relation to the Proposed Disposals ⁽⁴⁾	Within 3 months	675
Total		165,000

Notes:

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

RSB intends to allocate up to approximately RM86.11 million from the Disposal Considerations for the partial repayment of interest-bearing borrowings of the Group. As at the LPD, the Group's total interest-bearing borrowings amounted to approximately RM339.85 million, details of which are set out below:

Type of facility	Amount outstanding RM'000
Short-term borrowings	
Bank overdrafts	3,916
Bankers' acceptance	26,817
Lease liabilities	1,344
Revolving credit	126,101
Term loans	22,104
Loans	656
Hire purchase	1,169
Total	182,107
Long-term borrowings	
Lease liabilities	3,235
Term loans	128,828
Loans	23,062
Hire purchase	2,621
Total	157,746

For shareholders' information, the Group's total cash and bank balances as at the LPD is approximately RM1.03 million. Based on the aforementioned, the Group's net interest-bearing borrowings as at the LPD amounted to approximately RM338.82 million. 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 RM3.74 million per annum, which translates to an effective interest rate of approximately 4.34% per annum.

(2) New planting and replanting of oil palm

The Group intends to utilise approximately RM19.10 million for new planting and replanting of oil palm. As at the LPD, the Group has oil palm estates located in Kuching, Sibu 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 at 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 Group anticipates to undertake new planting and replanting of approximately 3,578 hectares of oil palm 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, staff and worker related expenses such as wages and salaries, payment for purchases of fertiliser and agrochemicals and administrative expenses.

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

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

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 as 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 extraordinary general meeting ("EGM") as well as printing, despatch and advertising	100
Total	675

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.

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 staff and workers related expenses such as wages and salaries, purchases of fertiliser and agrochemicals and administrative expenses.

2.10 Cash company or Practice Note ("PN") 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements")

The Proposed Disposals are not expected to result in RSB becoming a cash company or a PN17 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:



Further information on the Selangor Estate are set out below:

Title particulars	:	Provisional lease of Lot No. 56 Sawai Land District, Miri Division, Sarawak
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 31 years remaining

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	:	Financial year ended ("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 RM'000	2021 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 2020 2021 2022	Expenses incurred RM'000 5,880 5,132 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 RM130,000,000.00 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 Land and Survey; (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 Land and Survey 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 Land and Survey;		

- (f) No sublease affecting this land may be effected without the consent in writing of the Director of Land and Survey 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;
- (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 Malaysia (Miri) Sdn Bhd

Date of valuation : 1 December 2023

Market value : RM84,800,000⁽³⁾
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. The Valuer had considered this affected area as improved land and had disregarded the value attributable to this affected area in appraising the market value of the Selangor Estate.*
- (2) *In appraising the market value of the Selangor Estate, the Valuer had not ascribed any value to these unplatable 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.*

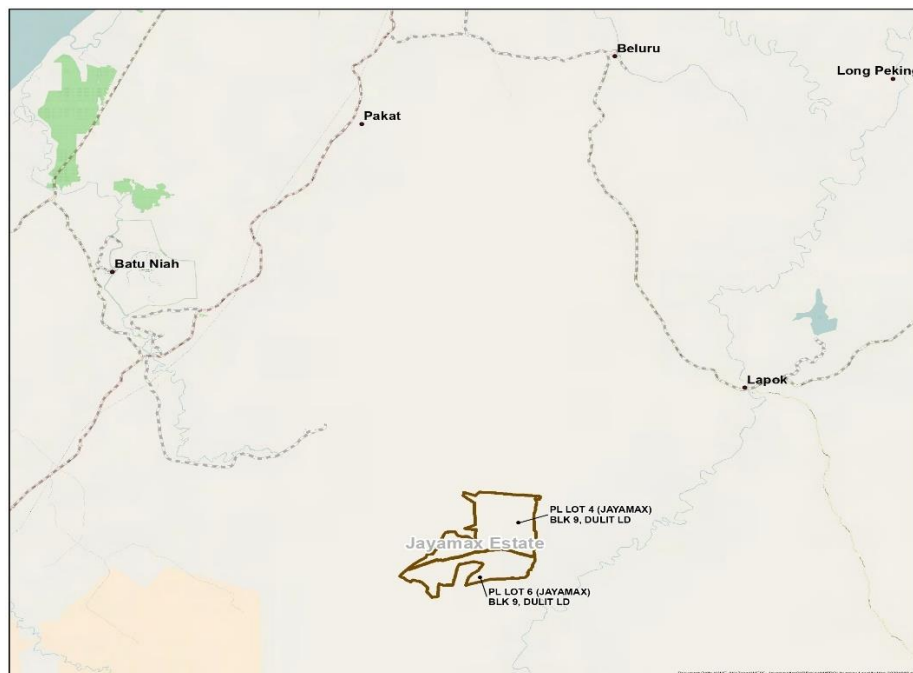
- (3) *As appraised by the Valuer vide its Valuation Letter as at the date of valuation of 1 December 2023. The Valuer had adopted the DCF method and comparison method as counter-check in appraising the market value of the Selangor Estate. For the avoidance of doubt, based on the Valuer's inspection 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.*

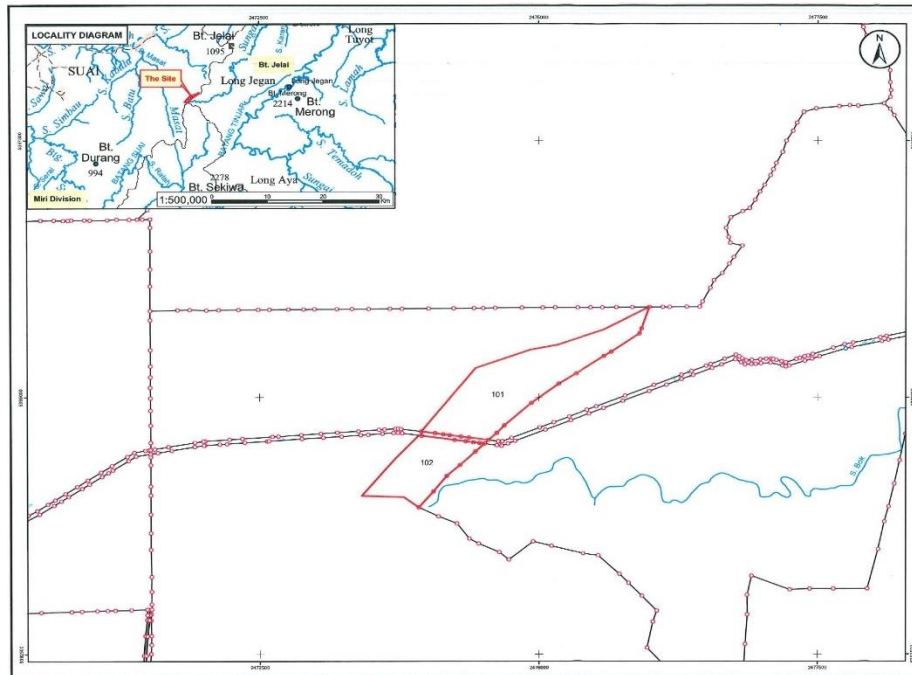
3.2 Information on the Jayamax Estate

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 map:





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**")
- (ii) Provisional lease of Lot No. 6 Block 9 Dulit Land District, Miri Division, Sarawak ("**Lot 6**")
- (iii) Lot 101 Sawai Land District, Miri Division, Sarawak ("**Lot 101**")⁽¹⁾
- (iv) Lot 102 Sawai Land District, Miri Division, Sarawak ("**Lot 102**")⁽¹⁾

Location : Sungai Bok, Tinjar, Baram

Registered owner : Lot 4 and Lot 6

JPSB

Lot 101 and Lot 102

Currently, Lot 101 and Lot 102 are owned by the state government of Sarawak. However, Lot 101 and Lot 102 have been conditionally approved for alienation to JPSB by the Land and Survey Department of Sarawak, of which a formal offer for alienation has since been issued to JPSB by the Land and Survey Department of Sarawak, Miri Division ("**Approval for Alienation**") and are in the process of alienation⁽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 36 years remaining

Lot 101 and Lot 102⁽³⁾

Lease tenure of 60 years from the date of issuance of provisional lease by the Land and Survey Department of Sarawak, Miri Division to JPSB

Land area : Lot 4 and Lot 6⁽²⁾

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

Lot 101 and Lot 102⁽³⁾

Identification	Hectares (approximately)
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Lot 101	81.75
Lot 102	36.11

Description	Description	Hectares	%
	Planted area	4,751.68	93.58
	Unplanted area	20.85	0.41
	Building site ⁽⁴⁾	10.19	0.20
	Road and reserved ⁽⁴⁾	86.87	1.71
	Unplantable area ⁽⁴⁾	122.80	2.42
	Rocky river ⁽⁴⁾	75.27	1.48
	Quarry site ⁽⁴⁾	10.00	0.20
	Total	5,077.66	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	: <u>Lot 4 and Lot 6⁽²⁾</u> Mixed zone land/country land <u>Lot 101 and Lot 102⁽³⁾</u> The classification of land and category of land use are not reflected in the Approval for Alienation, but will be stated in the provisional lease upon issuance thereof
Existing/Proposed use	: Oil palm plantation
Encumbrances	: <u>Lot 4 and Lot 6⁽²⁾</u> (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 2011 (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) <u>Lot 101 and Lot 102⁽³⁾</u> Pending the issuance of the provisional lease, there are no known registered encumbrances
Express conditions and restrictions-in-interest	: <u>Lot 4 and Lot 6⁽²⁾</u> (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 Land and Survey;
- (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 Land and Survey;
- (c) All points of ingress to and egress from the trunk road shall be subject to the approval in writing of the Director of Land and Survey 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 Land and Survey;
- (j) No sublease affecting this land may be effected without the consent in writing of the Director of Land and Survey 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 Land and Survey;
 - (b) All points of ingress to and egress from the trunk road shall be subject to the approval in writing of the Director of Land and Survey 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 Land and Survey;
- (i) No sublease affecting this land may be effected without the consent in writing of the Director of Land and Survey 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 Malaysia (Miri) Sdn Bhd

Date of valuation : 1 December 2023

Market value : RM73,000,000⁽⁵⁾
ascribed by the
Valuer

Notes:

- (1) *Lot 101 and Lot 102 have not been issued with a document of title, but have been conditionally approved for alienation by the Land and Survey Department of Sarawak vide its letter dated 5 October 2023 (Reference No. 96HQ/AL/70/1999(4D)) pursuant to an application made by JPSB. Thereafter, the Land and Survey Department of Sarawak, Miri Division has vide its letter dated 18 December 2023 (Reference No. 15/Doss.No.408/96(A)) issued the formal offer for alienation to JPSB.*
- (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 the Approval for Alienation.*
- (4) *In appraising the market value of the Jayamax Estate, the Valuer had not ascribed any value to these unplatable areas, i.e. 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.*
- (5) *As appraised by the Valuer vide its Valuation Letter 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 BENEFIT 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 located in Kuching and Miri, 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. 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 RM3.74 million per annum, as presented in Section 2.9, Note (1) of this Announcement.

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 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. 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. RISKS 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, there can be no assurance that all the conditions precedent and terms and conditions as set out in the CSPAs 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 2.9 of this Announcement, as well as depriving RSB Group from attaining the resultant benefits from the Proposed Disposals as set out in Section 4 of this Announcement.

Notwithstanding the above, the management and the Board will endeavour to take all reasonable steps to ensure that the conditions precedent and terms and conditions of the CSPAs 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 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, its 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 ordinary shares in RSB ("**RSB Shares**" or "**Shares**").

6.2 Net assets ("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	<u>(231,867)</u>	<u>(8,940)</u>	<u>69,003⁽²⁾</u>
NA/Equity attributable to owners of the Company	382,733	382,570	460,513
Non-controlling interests	<u>(29,259)</u>	<u>(29,259)</u>	<u>(29,259)</u>
Total equity	<u>353,474</u>	<u>353,311</u>	<u>431,254</u>
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 which took effect on 3 November 2023.
- (2) After adjusting for the pro forma gain on disposal of approximately RM77.94 million arising from the Proposed Disposals and after deducting the estimated expenses in relation 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 and loss per Share ("LPS")

For illustrative purposes, the pro forma effects of the Proposed Disposals on the consolidated loss and LPS of RSB 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)	(330)	(330)
Add: Pro forma gain on the Proposed Disposals	-	-	77,943
Pro forma loss attributable to owners of the Company	<u>(330)</u>	<u>(330)</u>	<u>77,613</u>
Weighted average number of RSB Shares in issue ('000)	2,041,722	2,041,722	2,041,722
Basic earnings per Share/(LPS) (sen)	(0.02)	(0.02)	3.80

Note:

- (1) After taking into account the reduction of the issued share capital of RSB pursuant to Section 117 of the Act which took effect on 3 November 2023.

6.4 Convertible securities

As at the date of this Announcement, the Company does not have any convertible securities in issue.

7. APPROVALS REQUIRED

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

- (i) from the shareholders of RSB at an EGM to be convened for the Proposed Disposals by way of poll;
- (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 Announcement; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Disposals are not conditional upon each other. The Proposed Disposals are 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. DIRECTORS' STATEMENT

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, 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.

11. APPLICATIONS TO THE AUTHORITIES

Barring any unforeseen circumstances, the valuation reports in relation to the Disposal Land will be submitted to Bursa Securities within a period of 1 month from the date of this Announcement.

12. ESTIMATED TIMEFRAME 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.

13. ADVISERS

RHB Investment Bank has been appointed as the Principal Adviser to the Company for the Proposed Disposals.

Henry Butcher Malaysia (Miri) Sdn Bhd has been appointed as the Valuer for the Disposal Land.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the CSPAs and the Valuation Letter will be made available for inspection at the registered office of RSB at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak during normal office hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this Announcement.

This Announcement is dated 21 December 2023.

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SALIENT TERMS OF THE CSPA 1

The salient terms of the CSPA 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 Land and Survey 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 Land and Survey 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 ("**Compliance Period**").
- (iii) The CSPA 1 shall cease to be conditional on the date when all the CSPA 1 Conditions Precedent shall have been fulfilled (the "**CSPA 1 Unconditional Date**") on the basis that the consents are granted upon terms and conditions which are acceptable to RHPSB and MSBPSB.

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 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 (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 (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 2

The salient terms of the CSPA 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 Land and Survey Department of Sarawak, Miri Division to JPSB as the registered proprietor;
 - (b) JPSB obtaining the consent in writing of the Director of Land and Survey 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 Land and Survey 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 ("**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 ("**CSPA 2 Compliance Period**").
- (iii) The CSPA 2 shall cease to be conditional on the date when all the CSPA 2 Conditions Precedent shall have been fulfilled (the "**CSPA 2 Unconditional Date**") on the basis that the consents are granted upon terms and conditions which are acceptable to JPSB and MSBPSB.

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;
 - (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

SALIENT TERMS OF THE CSPA 2 (CONT'D)

- (c) the balance sum of RM60.00 million 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 (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 (CONT'D)

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- (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.

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