

SUBJECT: PROPOSED DISPOSAL OF ONE (1) PARCEL OF LAND DESCRIBED AS LOT 1200, PUYUT LAND DISTRICT AND OIL PALM PLANTATION ESTATE ERECTED THEREON AND ALL INFRASTRUCTURE THERETO BY WOODIJAYA SDN. BHD. TO MUZANA PLANTATION JV SDN. BHD.

1. INTRODUCTION

Rimbunan Sawit Berhad (“RSB”) wishes to announce that its wholly owned subsidiary Woodijaya Sdn. Bhd. (“Woodijaya”) had on 4 June 2020 entered into a Sale and Purchase Agreement (“SPA”) with Muzana Plantation JV Sdn. Bhd. (“Muzana”) to dispose one (1) parcel of land situated at between Sungai Bakong and Sungai Baram, Baram containing an area of 2,819 hectares, more or less and described as Lot 1200 Puyut Land District (hereinafter referred to as “**the said Land**”) together with the oil palm plantation, its facilities, infrastructures, improvements, immovable assets but excluding the movable assets thereon (hereinafter collectively referred to as “**the Property**”) for a total cash consideration of Ringgit Malaysia Fifty Three Million (RM53,000,000) only (“**Proposed Disposal**”).

2. INFORMATION ON WOODIJAYA

Woodijaya is a company incorporated and registered under the Companies Act, 1965 (which Act had been repealed and replaced with Companies Act 2016) and having its registered office at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang,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

3. INFORMATION ON MUZANA

Muzana is a company incorporated and registered under the Companies Act, 1965 (which Act had been repealed and replaced with Companies Act 2016) and having its registered office at No.57A, Jalan Emas 2, Bandar Sungai Emas, Banting, 42700 Selangor Darul Ehsan.

The Directors and substantial shareholder of Muzana and their respective shareholdings as at 4 June 2020 are as follows:

Directors and shareholders	Direct		Indirect	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
<u>Shareholders:</u>				
Tew Kim Kiat	2,250,000	45.0%	-	-
Tan Cheng Chai	750,000	15.0%	-	-
Tan Cheen Teck	750,000	15.0%	-	-
Tan Cheng Liong	250,000	5.0%	-	-
Gan Yeu Chai	250,000	5.0%	-	-
Lim Boon Ann	250,000	5.0%	-	-
Lim Choo Seng	250,000	5.0%	-	-
<u>Directors:</u>				
Tew Kim Kiat	2,250,000	45.0%	-	-
Tan Cheng Chai	750,000	15.0%	-	-
Tan Cheen Teck	750,000	15.0%	-	-
Lim Boon Ann	250,000	5.0%	-	-

4. INFORMATION ON THE LAND

The original cost of investment of the Land and date of investment are RM2.1 million and 25 October 2007 respectively. The expected gain from the Proposed Disposal is RM1.0 million at Group level.

There were no liabilities including contingent liability which remain with RSB and no guarantee will be given by RSB to Muzana.

The details of the Property are as follows:

Postal Address	North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak
Description	Lot 1200, Puyut Land District
Land tenure	25 October 2007 to 24 October 2067 (60 years)
Land Area	2,819.0 hectares
Market value appraised by Henry Butcher (Malaysia) Sdn. Bhd.	RM54,000,000.00 (based on report dated 15 January 2020)
Encumbrances *	The Land is charged to Hong Leong Bank Berhad for RM42,000,000.00 and RM25,000,000.00 vide Instruments No. L. 15191/2007 of 27-12-2007 and L. 6395/2011 of 24-05-2011
Present and future usage of the estate	Plantation
Type of estate	Oil Palm Plantation
Maturity of trees	8 to 9 years
Fresh Fruit Bunch Production for the past 3 years (MT)	a) 2017: 13,428.15 b) 2018: 17,682.07 c) 2019: 15,559.36

5. BASIS OF AND JUSTIFICATION FOR THE SALE CONSIDERATION

The total sale consideration of RM53 million was arrived at on a “willing buyer willing seller” basis. In addition, it is also in reference to the estate’s value in use and valuation reports on the estate dated 15 January 2020 prepared by Henry Butcher (Malaysia) Sdn. Bhd.

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

- a) High transportation cost and its remote location does not synergize with other existing estates.
- b) Not financially feasible to rehabilitate peat areas within estate boundary.

6. RATIONALE AND BENEFIT OF THE PROPOSED DISPOSAL

The sale proceeds from the Proposed Disposal will be utilized to repay the bank borrowings and to strengthen the Group’s cash flow position. It is part of the Group rationalization plan to further streamline and to better manage its portfolio of oil palm estate.

7. UTILISATION OF PROCEEDS

The sale proceeds and the breakdown of utilisation are as below:

No.	Purposes	Proposed Utilisation (RM 'mil)
1.	Repayment of Woodijaya Credit Facilities	5.0
2.	Repayment of Group short term borrowings	15.0
3.	Working capital and defray expenses relating to Corporate Proposals	33.0
	Total	53.0

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

8. EFFECT OF THE PROPOSED DISPOSAL

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

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

9. APPROVAL/CONSENT REQUIRED

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

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSON CONNECTED WITH THEM

None of the Directors or Major Shareholders or their persons connected have any interest, direct or indirect, in the Proposed Disposal.

11. STATEMENT BY THE BOARD OF DIRECTORS

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

12. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in 4th quarter of 2020.

13. THE DATE ON WHICH THE TERMS OF THE AGREEMENT WERE AGREED UPON

The terms of the Proposed Disposal were agreed upon on 4 June 2020.

14. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 10.92%.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the valuation report dated 15 January 2020 are available for inspection for three (3) months from the date of this announcement during normal business hours at the Registered Office of RSB at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak, Malaysia.