

Company Name : **JAYA TIASA HOLDINGS BEHRAD**
Stock Name : JTIASA
Stock Code : 4383

Type : General Announcement – Reply to Query Reference Number:
IQL-27102015-00002 dated 28 October 2015

Subject : **RELATED PARTY TRANSACTION - ACQUISITION OF
ORDINARY SHARES IN RIMBUNAN SAWIT BERHAD
(ACQUISITION)**

Additional Information Required By Bursa Securities For Public Release

1. The date of the agreement entered into for the Acquisition.

The terms of the Acquisition were verbally agreed on 20 October 2015.

2. Further clarification as to why Multi Greenview Sdn Bhd, a wholly-owned subsidiary of Jaya Tiasa Berhad (“JTIASA”) has acquired the Sales Shares on 26 October 2015 given that the term of the Acquisition were agreed upon on 20 October 2015.

The Board of Directors met on 20 October 2015 and granted approval for its wholly-owned subsidiary, Multi Greenview Sdn Bhd to acquire 140 million ordinary shares in RSB within 7 days from the Board’s approval date taking into consideration administrative procedures required for share transaction of such amount and the financing arrangement.

3. Detailed financial information on Rimbunan Sawit Berhad (“RSB”) for the past 3 years together with commentary

Detailed financial information can be found in Audit Report. Refer attachment 1 (Audit Report for FY12, FY13, and FY14)

4. Further information on RSB and its subsidiaries (“RSB Group”), including but not limited to the average age of oil palm tree, area of oil palm plantations, annual fresh fruit bunch (“FFB”) production, etc.

Average age of Oil palm tree

Age	Area in %
Over 20	6%
From 16 to 20	21%
From 09 to 15	26%
From 04 to 08	25%
Less than 04	22%

Area of Oil Palm Plantations

	Hectare
Mature	43,690
Immature	14,019
Planted	57,709
Unplanted	14,146
Plantable area	71,855

FFB Production

	MT
FY12	459,597
FY13	479,480
FY14	436,584

5. Details of properties owned by RSB Group.

Refer attachment 2 (List of Properties).

6. Net profits and net assets of RSB based on the latest audited financial statements and latest quarterly results.

	FY2014 (RM'000)	2QFY15 (RM'000)
Net Profits	RM2,753	(RM11,399)
Net Assets	RM942,895	RM917,200

7. Detailed basis to arrive at the purchase consideration other than by reference to the market price of RSB.

The following bases were considered in arriving at the purchase consideration :

1. Net assets

The net assets over last five Financial Years of RSB were above RM0.50 which is the par value as well as the offered price. The NAV per RSB share ranged from RM0.54 to RM0.59 for the five financial years from 2011 to 2015.

2. Market Value per hectare

We compared the value of market capitalization per hectare of RSB to some other listed companies including Jaya Tiasa in the oil palm industry. RSB's market capitalization per hectare of RM12,200 (or USD3,058 at exchange rate of 3.99) was one of the lowest among the oil palm companies listed on Bursa Malaysia Securities Berhad.

3. Historical Share Prices of RSB

The highest and lowest historical price of RSB share for the period from January 2014 to September 2015 was RM0.88 and RM0.48.

8. The salient terms of the agreement for the acquisition, including the terms of any agreement for payment.

The salient terms of the agreement includes purchase price, time frame for completion, transaction to be executed by a broker to be mutually agreed. That shares to be acquired are free from encumbrances.

The parties verbally agreed that the transaction be executed within 7 days from the date of Board approval. The purchase Consideration of RM70 million for the Sale Shares was arrived at on a willing-buyer willing-seller basis at par value of RSB ordinary shares of RM0.50 each. The payment for the Consideration was made in accordance with Bursa's Fixed Delivery Sale System Rule, the settlement date of which is on 29 October 2015.

9. Further elaboration on all other aspects of the Acquisition that were taken into consideration by the Audit Committee in arriving at its option.

The following were tabled at the Audit Committee meeting for discussion and deliberation:-

- i) Comparison of Market Value per hectare of oil palm companies
- ii) Information on historical share prices of RSB
- iii) Oil palm area of JTH Group and RSB
- iv) Net asset value per RSB share
- v) Past record on Revenue, Profit before Tax, Yield per ha (MT), and OER% and cash flow and gearing of RSB
- vi) Cost of investment in RSB shares
- vii) CPO price trend
- viii) Draft announcement

The Audit Committee recommended the Acquisition for Board approval based on the rationale which is to tap on the potential growth prospect in RSB and potential appreciation in share value of the Sale Shares. Other aspects of the Acquisition that the Audit Committee has considered are as follows:-

- i) RSB's market capitalization per hectare of RM12,200 (or USD3,058 at exchange rate of 3.99) was one of the lowest among the oil palm companies listed on Bursa Malaysia Securities Berhad.
- ii) Young plantation profile with 47% of the palm less than 8 years, 26% between 9 to 15 years and 21% between 16 to 20 years

iii) The purchase price of the Sale Shares of RM0.50 a share represented a fair entry level compared with RSB's historical share price and net asset value (NAV) per share. The highest and lowest historical price of RSB share for the period from January 2014 to September 2015 was RM0.88 and RM0.48. The NAV per RSB share ranged from RM0.54 to RM0.59 for the five financial years from 2011 to 2015.

iv) Proposed Acquisition also represented a good opportunity for Jaya Tiasa to expand its business in the oil palm sector, a business which Jaya Tiasa is familiar with.
Moreover :-

Chief Minister of Sarawak has stopped issuing new plantation land in Sarawak ;

RSPO - sustainability, environmental and social commitments do not permit new plantation development on peat soil.

None of the related directors were Audit Committee members.

10. The outlook of oil palm industry and the prospect of RSB

Outlook of Oil Palm Industry

Like all commodities, CPO price will rebound due to cyclical effect. While current price remain low, global demand for palm oil is still stable and sustainable.

Prospect of RSB

RSB is affected by the current downturn in the global economy and the palm oil industry. Moreover, only 26% of trees are in their prime while around 47% are still young mature and immature. We foresee potential growth in revenue and earnings supported by potential growth in FFB production over the next few years.

11. It is noted that timber division is the major contributor to the JTIASA Group revenue and profit. In this respect, please provide more justification with regard to the statement "The Acquisition is not expected to materially change the risk profile of JTIASA Group" by taking into consideration the historical financial performance of RSB and its FFB productivity.

We have diversified into oil palm business since 2002. As at 30.06.15, we have invested more than RM1.8 billion in oil palm plantations and CPO mills. Our net assets or total equity stands at RM1.78 billion. The investment in RSB amounting to RM70 million represents only 4% of our total equity or 2% of our total assets.

This Announcement is dated 29 October 2015