

JAYA TIASA HOLDINGS BERHAD ("JTH" OR "THE COMPANY")

DISPOSAL OF A PARCEL OF LAND TOGETHER WITH A DETACHED SHOPHOUSE ERECTED THEREON BY RIMBUNAN HIJAU PLYWOOD SDN. BHD., A WHOLLY-OWNED SUBSIDIARY, TO MOVERSTAR (M) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF ORIENTAL EVERMORE SDN BHD, A RELATED PARTY

1. INTRODUCTION

Pursuant to paragraph 10.08(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of JTH wishes to announce that Rimbunan Hijau Plywood Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 26 August 2020 entered into a sale and purchase agreement with Moverstar (M) Sdn. Bhd., a wholly-owned subsidiary of Oriental Evermore Sdn Bhd, a related party, for the disposal of a parcel of land described as Lot 1393, Block 16, Seduan Land District, Salim, Sibul together with a detached shophouse erected thereon for a total cash consideration of **RM4,200,000** ("the Disposal").

2. INFORMATION ON THE DISPOSAL

2.1 Information on the Vendor

The Vendor, Rimbunan Hijau Plywood Sdn. Bhd., a wholly-owned subsidiary of the Company, is a private limited company incorporated in Malaysia on 11 April 1983. The Vendor is principally engaged in fabrication, repair and maintenance of machinery and related activities.

2.2 Information on the Purchaser

The Purchaser, Moverstar (M) Sdn. Bhd, a wholly-owned subsidiary of Oriental Evermore Sdn Bhd, is a private limited company incorporated in Malaysia on 17 July 1991. The Purchaser is principally engaged in construction and property development.

2.3 Information on the Property

The information on the Property is as follows:

Registered owner	:	The Vendor
Location of land	:	Lot 1393, Block 16, Seduan Land District, Salim, Sibul
Land area	:	1.998 hectares
Tenure of land	:	Leasehold land expiring on 31.12.2915
Description of building	:	A detached shophouse bearing a postal address at Lot 1393, Jalan Stabau, 96000 Sibul
Built-up area	:	1,920.81 sq m
Age of building	:	21 years
Existing use	:	Vacant
Net book value as at 30 June 2019 (audited)	:	Land, buildings and others: RM1,430,904
Encumbrances	:	None

2.4 **Basis of Arriving at the Selling Price**

The Disposal Consideration was arrived at on a “willing-buyer willing-seller” basis based on indicative market value of the property of RM4,200,000 stated in the valuation carried out by Henry Butcher Malaysia Sdn Bhd (the “Valuer”) on 17 August 2019. The Valuer had adopted the “Comparison method” in formulating their opinion of the current market Value of the subject property.

2.5 **Salient Terms of the SPA**

The Vendor agreed to sell and the Purchaser agreed to purchase the abovementioned property with vacant possession free from encumbrances and subject to the terms and conditions as contained in the SPA.

The entire Disposal Consideration of RM4,200,000 shall be paid by the Purchaser in cash and bank borrowing upon execution of the SPA.

2.6 **Expected net gain and utilisation of proceeds**

- (i) The expected gain from the Disposal is approximately RM2,769,096; and
- (ii) The net proceeds arising from the Disposal will be used for working capital of the Vendor.

2.7 **Liabilities to be assumed by Vendor**

There is no liability, including any contingent liability and guarantee, to be assumed by the Vendor pursuant to the Disposal.

3. **RATIONALE OF THE DISPOSAL**

The disposal is part of the Group’s asset rationalisation exercise to unlock the increase in the value of its landed assets which has been left vacant and unused since July 2012.

4. **FINANCIAL EFFECTS OF THE DISPOSAL**

4.1 **Share capital**

The Disposal will not have any effect on the issued and paid up capital of the Company.

4.2 **Net Assets (NA) and Earnings per share**

The Disposal will not have any material effect on the NA and Earnings per share of JTH Group for the financial year ending 30 June 2021.

4.3 **Gearing**

The Disposal has no effect on the gearing of JTH Group for the financial year ending 30 June 2021.

5. **APPROVALS REQUIRED**

The Disposal is not subject to the approval of shareholders of JTH and/or any other relevant authorities.

6. **RISK FACTOR**

The Board of Directors of JTH is not aware of any material risks arising from the Disposal.

7. **HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Disposal pursuant to Paragraph 10.02(g) of the MMLR of Bursa Securities is 0.4%.

8. **ESTIMATED TIMEFRAME FOR COMPLETION**

The Disposal will be completed upon signing the SPA.

9. **INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Dato' Sri Tiong Chiong Hoo, the Deputy Executive Chairman of the Company, is a substantial shareholder in Moverstar (M) Sdn. Bhd (the Purchaser). Ms Clara Tiong Siew Ee, a director of a subsidiary company, the daughter of the Deputy Executive Chairman of the Company, is a Director and substantial shareholder in Moverstar (M) Sdn. Bhd (the Purchaser).

In this regard, the interested director Dato' Sri Tiong Chiong Hoo has abstained from all deliberations and voting on the resolution pertaining to the Disposal at the Board Meeting.

Save for the above, none of the Directors or major shareholders of JTH or person connected to them have any interests, direct or indirect, in the Disposal.

10. **TRANSACTIONS WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS**

Save for the transaction herein mentioned and the recurrent related party transaction with the Purchaser for the construction of quarters and storage building under the existing shareholders' mandate, there were no other transactions entered into with the Purchaser for the preceding 12 months.

11. STATEMENT BY THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE

The Board of Directors of JTH (with the exception of Dato' Sri Tiong Chiong Hoo who is interested in the Disposal), is of the opinion that the Disposal is in the best interest of JTH Group.

In addition, the Audit Committee, having considered all aspects of the Disposal, is of the opinion that it is:

- (i) in the best interest of JTH Group;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the Company's minority shareholders.

12. DOCUMENTS FOR INSPECTION

The SPA is available for inspection at the registered office of the Company at No.1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 26 August 2020.