

RIMBUNAN SAWIT BERHAD (“RSB” OR “COMPANY”)

- (I) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 490,689,354 NEW ORDINARY SHARES OF RM0.50 EACH IN RSB (“RIGHTS SHARES”) ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 1 EXISTING ORDINARY SHARE OF RM0.50 EACH HELD IN RSB (“SHARE”) (“PROPOSED RIGHTS ISSUE”);**
- (II) **PROPOSED BONUS ISSUE OF UP TO 654,252,472 NEW SHARES (“BONUS SHARES”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 SHARE HELD AFTER THE PROPOSED RIGHTS ISSUE (“PROPOSED BONUS ISSUE”);**
- (III) **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF RSB FROM RM500,000,000 COMPRISING 700,000,000 SHARES AND 300,000,000 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.50 EACH (“ICPS”) TO RM1,250,000,000 COMPRISING 2,200,000,000 SHARES AND 300,000,000 ICPS (“PROPOSED IASC”); AND**
- (IV) **PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF RSB (“PROPOSED AMENDMENT”)**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of RSB, CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that the Company proposes to undertake the Proposals.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Rights Issue

The Proposed Rights Issue entails the issuance of up to 490,689,354 Rights Shares on the basis of 3 Rights Shares for every 1 existing Share held by the entitled shareholders whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later.

As at 3 May 2011, the Company has 193,972,857 outstanding irredeemable convertible preference shares of RM0.50 each (“**Outstanding ICPS**”), which are convertible by holders into 193,972,857 new Shares. Nevertheless, all the ICPS holders, namely Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Rejang Height Sdn Bhd, Pemandangan Jauh Plantation Sdn Bhd and Ladang Hijau (Sarawak) Sdn Bhd have on 27 May 2011 provided irrevocable and unconditional written undertakings to the Company that they will not convert their respective ICPS held, prior to the entitlement date for the Proposed Bonus Issue.

In addition, on 2 February 2011, RSB announced that it is proposing to acquire the remaining 15% equity interests of Nescaya Palma Sdn Bhd, Novelpac-Puncakdana Plantation Sdn Bhd and Woodijaya Sdn Bhd not already owned by the Company from the State Financial Secretary of Sarawak (“**SFS**”) for an aggregate purchase consideration of RM16.02 million (“**Proposed Acquisitions from SFS**”), to be satisfied by RSB via the issuance of 6,964,918 new Shares. The Proposed Acquisitions from SFS are expected to be completed upon the listing of and quotation for the aforesaid new Shares on Bursa Malaysia Securities Berhad (“**Bursa Securities**”), prior to the entitlement date for the Proposed Rights Issue.

Based on the issued and paid-up ordinary share capital of RSB as at 3 May 2011 of 156,598,200 Shares, the additional 6,964,918 Shares issued under the Proposed Acquisitions from SFS and assuming none of the Outstanding ICPS are converted as at the entitlement date, RSB will issue a maximum of 490,689,354 Rights Shares in the event all the entitled shareholders and/or their renouncee(s) fully subscribe for their entitlements under the Proposed Rights Issue.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the entitled shareholders can subscribe for and/or renounce their entitlements for the Rights Shares in full or in part.

For illustration purposes, the position of an entitled shareholder holding 1,000 Shares is as follows:

- Scenario I - Assuming the entitled shareholder subscribes for his/her entitlement to the Rights Shares in full under the Proposed Rights Issue
- Scenario II - Assuming the entitled shareholder renounces his/her entitlement to the Rights Shares in full under the Proposed Rights Issue

| | Position of the entitled shareholder | |
|---------------------------------------|---|--------------------|
| | Scenario I | Scenario II |
| Existing Shares | 1,000 | 1,000 |
| Rights Shares subscribed | 3,000 | - |
| | 4,000 | 1,000 |
| Bonus Shares received | 4,000 | 1,000 |
| Total Shares held after the Proposals | 8,000 | 2,000 |

Any unsubscribed Rights Shares will be made available to the other entitled shareholders and/or their renouncee(s) under the excess Rights Shares application. It is the intention of the Board of Directors of RSB ("**Board**") to allocate the excess Rights Shares, if any, in a fair and equitable manner, and on a basis to be determined by the Board and announced later by the Company.

2.1.1 Basis of determining the issue price and justification for the pricing

The issue price of the Rights Shares shall be determined by the Board and announced at a later date ("**Price-Fixing Date**") after all approvals for the Proposed Rights Issue have been obtained but before the entitlement date for the Proposed Rights Issue.

The issue price will take into account prevailing market conditions at the Price-Fixing Date. The issue price will be determined after taking into consideration the theoretical ex-rights price ("**TERP**") of the Shares based on the 5-day volume weighted average market price ("**VWAMP**") of the Shares immediately preceding the Price-Fixing Date, but shall in no event be lower than the par value of Shares of RM0.50 each.

For illustrative purposes, it is assumed that the issue price is RM0.80 per Rights Share and none of the Outstanding ICPS are converted prior to the entitlement date. This illustrative issue price is based on the entitlement basis and assumed at a discount of approximately 30% to the TERP of the Shares based on the 5-day VWAMP of the Shares up to 26 May 2011 (being the latest practicable date prior to this Announcement) of RM2.16.

2.1.2 Ranking of the Rights Shares

The entitled shareholders and/or their renouncee(s) (as the case may be) subscribing to the Rights Shares shall be entitled to the Proposed Bonus Issue.

The Rights Shares shall, upon issue and allotment, rank equally in all respects with the existing Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment and issue of the Rights Shares.

2.1.3 Listing of the Rights Shares

An application will be made to Bursa Securities for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

2.1.4 Shareholders' irrevocable undertakings and underwriting arrangement

The following shareholders of the Company (collectively referred to as the "**Undertaking Shareholders**") have provided irrevocable and unconditional written undertakings to subscribe in full or procure the subscription in full for their respective entitlements to the Rights Shares ("**Undertakings**"):

| | As at 3 May 2011 | |
|---|-------------------|--------------|
| | No. of Shares | *% |
| Tiong Toh Siong Holdings Sdn Bhd (" TTSH ") | 35,124,394 | 21.47 |
| Rimbunan Hijau Southeast Asia Sdn Bhd (" RHSA ") | 15,073,100 | 9.22 |
| Pemandangan Jauh Plantation Sdn Bhd (" PJP ") | 12,264,221 | 7.50 |
| Teck Sing Lik Enterprise Sdn Bhd (" TSL ") | 11,134,300 | 6.81 |
| Pertumbuhan Abadi Asia Sdn Bhd (" PAA ") | 10,903,600 | 6.67 |
| Tiong Toh Siong Enterprises Sdn Bhd (" TTSE ") | 1,300,300 | 0.79 |
| Tan Sri Datuk Sir Diong Hiew King @ Tiong Hew King (" Tan Sri Tiong ") | 300,000 | 0.18 |
| | <u>86,099,915</u> | <u>52.64</u> |

Note:

* *The percentage shareholdings have been computed after taking into consideration the new Shares issued by RSB pursuant to the Proposed Acquisitions from SFS.*

As at 3 May 2011, the Undertaking Shareholders collectively hold 86,099,915 Shares, representing an aggregate of 52.64% of the issued and paid-up ordinary share capital of RSB of 163,563,118 Shares, assuming the Proposed Acquisitions from SFS are completed as at that date. Premised on such shareholdings and the basis of entitlement, the Undertaking Shareholders shall be entitled to 258,299,745 Rights Shares under the Proposed Rights Issue.

The Proposed Rights Issue will not be undertaken on a minimum subscription basis. In addition, there will not be any underwriting for purposes of the Proposed Rights Issue.

2.2 Proposed Bonus Issue

The Proposed Bonus Issue entails the issuance of up to 654,252,472 Bonus Shares, credited as fully paid-up, on the basis of 1 Bonus Share for every 1 existing Share held by the entitled shareholders whose names appear in the Record of Depositors of the Company after the Proposed Rights Issue on an entitlement date to be determined and announced later.

The actual number of Bonus Shares to be issued can only be determined after the Proposed Rights Issue, based on the then issued and paid-up ordinary share capital, which takes into consideration the number of Rights Shares taken up.

For illustrative purposes, assuming the completion of the Proposed Acquisitions from SFS and that all of the entitled shareholders and/or their renouncee(s) subscribe in full for their Rights Shares entitlements under the Proposed Rights Issue ("**Maximum Scenario**"), the Proposed Bonus Issue will involve the issuance of 654,252,472 Bonus Shares.

However, assuming the completion of the Proposed Acquisitions from SFS, the subscription of a total of 258,299,745 Rights Shares by the Undertaking Shareholders and none of the other entitled shareholders and/or their renouncee(s) subscribe for the remaining Rights Shares entitlements under the Proposed Rights Issue ("**Minimum Scenario**"), the Proposed Bonus Issue will involve the issuance of 421,862,863 Bonus Shares.

For implementation purposes, the Proposed Rights Issue will be completed before the implementation of the Proposed Bonus Issue.

The Proposed Bonus Issue will not be implemented in stages over a period of time.

2.2.1 Capitalisation of reserves

The Proposed Bonus Shares shall be capitalised wholly from the Company's share premium account. Under the Maximum Scenario, on the basis that 654,252,472 Bonus Shares will be issued, a total of RM327,126,236 will be capitalised from the share premium account.

Based on the Company's latest audited financial statements for the financial period ended 31 December 2010, the share premium balance of RSB and its subsidiaries ("**Group**") and at Company level, adjusted for the new Shares issued pursuant to the Proposed Acquisitions from SFS and the Proposed Rights Issue, are as follows:

| | <u>Minimum Scenario</u> | | <u>Maximum Scenario</u> | |
|---|-------------------------|--------------|-------------------------|--------------|
| | <u>Company</u> | <u>Group</u> | <u>Company</u> | <u>Group</u> |
| | RM 000 | | | |
| Share premium as at 31 December 2010 | 183,908 | 183,908 | 183,908 | 183,908 |
| Arising from the Proposed Acquisitions from SFS | 12,536 | 12,536 | 12,536 | 12,536 |
| | 196,444 | 196,444 | 196,444 | 196,444 |
| Arising from the Proposed Rights Issue ⁽¹⁾ | 75,990 | 75,990 | 145,707 | 145,707 |
| Proforma share premium | 272,434 | 272,434 | 342,151 | 342,151 |
| Capitalised for the Bonus Shares ⁽²⁾ | 210,931 | 210,931 | 327,126 | 327,126 |
| Balance after the Proposed Bonus Issue | 61,503 | 61,503 | 15,025 | 15,025 |

Notes:

- (1) *Based on the illustrative issue price of RM0.80 per Rights Share, after deducting estimated expenses in relation to the Proposals of RM1.5 million.*
- (2) *Based on 421,862,863 and 654,252,472 Bonus Shares to be issued under the Minimum Scenario and Maximum Scenario respectively.*

The Board confirms that based on the latest audited financial statements for the financial period ended 31 December 2010, the available reserves of the Company are adequate for the capitalisation of the Proposed Bonus Issue and the reserves required for the capitalisation of the Proposed Bonus Issue are unimpaired by losses on a consolidated basis in accordance with Paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Securities ("**Bursa Securities LR**").

2.2.2 Ranking of the Bonus Shares

The Bonus Shares shall, upon issue and allotment, rank equally in all respects with the existing Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment and issue of the Bonus Shares.

2.2.3 Listing of the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

2.3 Proposed IASC

As at 3 May 2011, the authorised share capital of the Company is RM500,000,000 comprising 700,000,000 Shares and 300,000,000 ICPS, of which RM175,285,528.50 comprising 156,598,200 Shares and 193,972,857 ICPS have been issued and are fully paid-up. Further, upon completion of the Proposed Acquisitions from SFS, the issued and paid-up share capital of the Company will be RM178,767,987.50.

In order to accommodate the issuance of the Rights Shares and Bonus Shares arising from the Proposed Rights Issue and Proposed Bonus Issue as well as to cater for any future increase in the share capital of the Company arising from the conversion of the Outstanding ICPS, the Board proposes to increase the authorised share capital of the Company from RM500,000,000 comprising 700,000,000 Shares and 300,000,000 ICPS to RM1,250,000,000 comprising 2,200,000,000 Shares and 300,000,000 ICPS, by the creation of an additional 1,500,000,000 Shares.

2.4 Proposed Amendment

In order to facilitate and to reflect the consequence of the Proposed Rights Issue, Proposed Bonus Issue and Proposed IASC, the Memorandum of Association ("**MA**") of RSB shall be amended accordingly.

The details of the Proposed Amendment are as follows:

Existing Clause 6 of MA

"The share capital of the Company is RM500,000,000.00 divided into 700,000,000.00 shares of RM0.50 each and 300,000,000.00 irredeemable convertible preference shares of RM0.50 each to which shall be attached the special rights, privileges and restrictions contained in Article 12A, with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise."

Amended Clause 6 of MA

"The share capital of the Company is RM1,250,000,000.00 divided into 2,200,000,000.00 shares of RM0.50 each and 300,000,000.00 irredeemable convertible preference shares of RM0.50 each to which shall be attached the special rights, privileges and restrictions contained in Article 12A, with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise."

3. Implications of the Malaysian Code on Take-Overs and Mergers 2010 ("Code")

As at 3 May 2011, the Undertaking Shareholders collectively hold approximately 52.64% equity interest in RSB. In addition, TTSH's direct shareholdings represent approximately 21.47% of the total voting shares in RSB.

Under the Minimum Scenario, assuming the completion of the Proposed Acquisitions from SFS and subscription in full by the Undertaking Shareholders of their respective entitlements under the Proposed Rights Issue, the collective shareholdings of the Undertaking Shareholders will increase to 81.64% whilst TTSH's shareholdings will increase to more than 33% of the voting shares of RSB. In such an event, TTSH will be obliged to extend a mandatory take-over offer for all the remaining Shares not owned by TTSH after the Proposed Rights Issue pursuant to Part III of the Code. TTSH has confirmed that it will at all times observe and ensure compliance with the provisions of the Code.

Save for TTSH, none of the individual Undertaking Shareholder's equity interest in RSB will increase to more than 33% upon completion of the Proposed Rights Issue under the Minimum Scenario, and no mandatory offer obligation is expected to arise from the Proposed Rights Issue.

Please refer to Section 6.2 of this Announcement for the effects on the substantial shareholders' shareholdings in RSB arising from the Proposed Rights Issue.

4. UTILISATION OF PROCEEDS OF THE PROPOSED RIGHTS ISSUE

Based on the illustrative issue price of RM0.80 per Rights Share, the total gross proceeds that are expected to be raised arising from the Proposed Rights Issue and the intended utilisation are set out below:

| | | Minimum Scenario | Maximum Scenario |
|---|---------------------------------------|---------------------|---------------------|
| | Expected timeframe for utilisation | RM 000 | |
| Repayment of borrowings ⁽¹⁾ | within 6 months | 155,000 | 296,200 |
| Working capital/acquisitions ⁽²⁾ | within 3 years | 50,140 | 94,851 |
| Estimated expenses for the Proposals | within 3 months | 1,500 | 1,500 |
| | | <u>206,640</u> | <u>392,551</u> |

Notes:

* The actual gross proceeds to be raised cannot be determined at this juncture as it would depend on the issue price and the issued and paid-up ordinary share capital of RSB as at the entitlement date for the Proposed Rights Issue. Any difference between the actual gross proceeds to be raised and the intended gross proceeds will be correspondingly adjusted to the amount allocated for working capital requirements of the Group.

⁽¹⁾ The total borrowings of the Group as at 31 December 2010 amounted to RM418.6 million. The Company intends to use approximately 75% of the proceeds raised from the Proposed Rights Issue under the Minimum Scenario and Maximum Scenario respectively to pare down its existing borrowings (including interest payable) of up to RM296.2 million. Based on the average interest rate incurred by RSB in respect of such borrowings of 4.3% per annum, the repayment is expected to result in annual interest savings of about RM6.7 million and RM12.7 million under the Minimum Scenario and Maximum Scenario respectively.

⁽²⁾ The Company intends to use part of the proceeds raised from the Proposed Rights Issue for general working capital purposes, including the development of existing plantation landbank and other day-to-day expenses. In addition, RSB may also utilise the available proceeds for the acquisition of plantation assets if such opportunities arise, with the view to maximise shareholder value in the future. However, the Company has not identified any particular assets for acquisition at this juncture.

Any variation to the amount of repayment of borrowings and estimated expenses in relation to the Proposals will result in an adjustment to the amount allocated for working capital of the Group.

Pending utilisation of proceeds from the Proposed Rights Issue for the above purpose, the proceeds would be placed in deposits with financial institutions or short-term money market instruments.

5. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

5.1 Proposed Rights Issue

The Proposed Rights Issue is undertaken with the following objectives:

- (i) to allow the Company to raise funds without incurring interest cost as well as to minimise any potential cash outflow in respect of interest servicing, as compared to bank borrowings;
- (ii) to improve liquidity and financial flexibility as well as to optimise the Group's capital structure by strengthening its statement of financial position and reducing its current gearing level. The repayment of some of the Group's existing borrowings will also enable the Company to benefit from interest cost savings;
- (iii) to enable the Company to raise funds through the offering of an equity instrument to the ordinary shareholders of RSB on a pro-rata basis, which allows all ordinary shareholders of RSB to participate in the Proposed Rights Issue;
- (iv) to provide the ordinary shareholders of RSB with an opportunity to subscribe for new Shares at a discount to the prevailing market price; and
- (v) to enhance the marketability and liquidity of the Shares on the Main Market of Bursa Securities.

After evaluating other funding options available and taking into consideration current market conditions and the reasons stated above, the Board is of the view that the Proposed Rights Issue is justified as it is currently the most appropriate avenue of fund-raising for the Group as compared to other available options.

5.2 Proposed Bonus Issue

The Proposed Bonus Issue is undertaken to reward the shareholders of RSB for their continuous support by enabling them to have greater participation in the equity of the Company in terms of the increased number of shares held. The Proposed Bonus Issue will also increase the share capital base to a level which is more reflective of the Company's existing operations and assets employed.

5.3 Proposed IASC

The Proposed IASC is to accommodate the increase in the Company's issued and paid-up share capital pursuant to the Proposed Rights Issue and Proposed Bonus Issue as well as to cater for any future increase in the share capital of the Company arising from the conversion of the Outstanding ICPS.

5.4 Proposed Amendment

The Proposed Amendment is undertaken to reflect the consequence of the Proposed Rights Issue, Proposed Bonus Issue and the Proposed IASC, as well as the additional Shares to be issued upon conversion of the Outstanding ICPS in due course.

6. EFFECTS OF THE PROPOSALS

The Proposed IASC and Proposed Amendment will not have any effect on the issued and paid-up ordinary share capital, substantial shareholders' shareholdings, consolidated net assets ("NA") and gearing, consolidated earnings and earnings per share ("EPS") and convertible securities of the Company.

For illustrative purposes, the effects of the Proposed Rights Issue and Proposed Bonus Issue based on the following assumptions and the illustrative issue price of RM0.80 per Rights Share are set out below:

- Minimum Scenario** - Assuming the completion of the Proposed Acquisitions from SFS, subscription by the Undertaking Shareholders of 258,299,745 Rights Shares and none of the other entitled shareholders and/or their renouncee(s) subscribe for the remaining Rights Shares entitlements under the Proposed Rights Issue.
- Maximum Scenario** - Assuming the completion of the Proposed Acquisitions from SFS and that all of the entitled shareholders and/or their renouncee(s) subscribe in full of their Rights Shares entitlements under the Proposed Rights Issue.

6.1 Issued and paid-up ordinary share capital

The proforma effects of the Proposed Rights Issue and Proposed Bonus Issue on the issued and paid-up ordinary share capital of RSB are set out below:

| | Minimum Scenario | | Maximum Scenario | |
|---|--------------------|--------------------|----------------------|--------------------|
| | No. of Shares | RM | No. of Shares | RM |
| Issued and paid-up share capital as at 3 May 2011 | 156,598,200 | 78,299,100 | 156,598,200 | 78,299,100 |
| Issued pursuant to the Proposed Acquisitions from SFS | 6,964,918 | 3,482,459 | 6,964,918 | 3,482,459 |
| To be issued pursuant to the Proposed Rights Issue | 258,299,745 | 129,149,873 | 490,689,354 | 245,344,677 |
| | 421,862,863 | 210,931,432 | 654,252,472 | 327,126,236 |
| To be issued pursuant to the Proposed Bonus Issue | 421,862,863 | 210,931,432 | 654,252,472 | 327,126,236 |
| Enlarged issued and paid-up ordinary share capital | 843,725,726 | 421,862,863 | 1,308,504,944 | 654,252,472 |

6.2 Substantial shareholders' shareholdings

The proforma effects of the Proposed Rights Issue and Proposed Bonus Issue on the substantial shareholders' shareholdings in RSB as at 3 May 2011 are set out below:

Minimum Scenario

| | As at 3 May 2011 | | | After the Proposed Rights Issue | | | After the Proposed Bonus Issue | | |
|---------------|------------------|-------|---------------------------|---------------------------------|-------|----------------------------|--------------------------------|-------|----------------------------|
| | Direct | | Indirect | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | % | | No. of Shares | % | | No. of Shares | % | |
| TTSH | 35,124,394 | 21.47 | 12,264,221 ⁽¹⁾ | 140,497,576 | 33.30 | 49,056,884 ⁽¹⁾ | 280,995,152 | 33.30 | 98,113,768 ⁽¹⁾ |
| RHSA | 15,073,100 | 9.22 | - | 60,292,400 | 14.29 | - | 120,584,800 | 14.29 | - |
| PJP | 12,264,221 | 7.50 | - | 49,056,884 | 11.63 | - | 98,113,768 | 11.63 | - |
| TSL | 11,134,300 | 6.81 | 59,391,373 ⁽²⁾ | 44,537,200 | 10.56 | 213,884,755 ⁽²⁾ | 89,074,400 | 10.56 | 427,769,510 ⁽²⁾ |
| PAA | 10,903,600 | 6.67 | 24,927,479 ⁽³⁾ | 43,614,400 | 10.34 | 70,146,779 ⁽³⁾ | 87,228,800 | 10.34 | 140,293,558 ⁽³⁾ |
| TTSE | 1,300,300 | 0.79 | 22,966,679 ⁽⁴⁾ | 5,201,200 | 1.23 | 68,185,979 ⁽⁴⁾ | 10,402,400 | 1.23 | 136,371,958 ⁽⁴⁾ |
| Tan Sri Tiong | 300,000 | 0.18 | 95,754,294 ⁽⁵⁾ | 1,200,000 | 0.28 | 353,154,039 ⁽⁵⁾ | 2,400,000 | 0.28 | 706,308,078 ⁽⁵⁾ |
| | | | | | | | | | |

Maximum Scenario

| | As at 3 May 2011 | | | After the Proposed Rights Issue | | | After the Proposed Bonus Issue | | |
|---------------|------------------|-------|---------------------------|---------------------------------|-------|----------------------------|--------------------------------|-------|----------------------------|
| | Direct | | Indirect | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | % | | No. of Shares | % | | No. of Shares | % | |
| TTSH | 35,124,394 | 21.47 | 12,264,221 ⁽¹⁾ | 140,497,576 | 21.47 | 49,056,884 ⁽¹⁾ | 280,995,152 | 21.47 | 98,113,768 ⁽¹⁾ |
| RHSA | 15,073,100 | 9.22 | - | 60,292,400 | 9.22 | - | 120,584,800 | 9.22 | - |
| PJP | 12,264,221 | 7.50 | - | 49,056,884 | 7.50 | - | 98,113,768 | 7.50 | - |
| TSL | 11,134,300 | 6.81 | 59,391,373 ⁽²⁾ | 44,537,200 | 6.81 | 237,565,492 ⁽²⁾ | 89,074,400 | 6.81 | 475,130,984 ⁽²⁾ |
| PAA | 10,903,600 | 6.67 | 24,927,479 ⁽³⁾ | 43,614,400 | 6.67 | 99,709,916 ⁽³⁾ | 87,228,800 | 6.67 | 199,419,832 ⁽³⁾ |
| TTSE | 1,300,300 | 0.79 | 22,966,679 ⁽⁴⁾ | 5,201,200 | 0.79 | 91,866,716 ⁽⁴⁾ | 10,402,400 | 0.79 | 183,733,432 ⁽⁴⁾ |
| Tan Sri Tiong | 300,000 | 0.18 | 95,754,294 ⁽⁵⁾ | 1,200,000 | 0.18 | 383,017,176 ⁽⁵⁾ | 2,400,000 | 0.18 | 766,034,352 ⁽⁵⁾ |
| | | | | | | | | | |

Notes:

* The percentage shareholdings have been computed after taking into consideration the 6,964,918 new Shares issued for the Proposed Acquisitions from SFS.

(1) Deemed interest through shareholdings in PJP.

(2) Deemed interest through shareholdings in TTSH, TTSE, RHSA and Kendaie Oil Palm Plantation Sdn Bhd ("**Kendaie**").

(3) Deemed interest through shareholdings in RHSA, Rimbulan Hijau (Sarawak) Sdn Bhd ("**RHS**") and Kendaie.

(4) Deemed interest through shareholdings in RHSA and Kendaie.

(5) Deemed interest through shareholdings in TTSH, TSL, TTSE, PAA, RHSA, RHS, Rejang Healthcare Sdn Bhd, Kendaie and PJP.

Under the Minimum Scenario, whereby it is assumed that only the Undertaking Shareholders fully subscribe for their entitlements of 258,299,745 Rights Shares and none of the other entitled shareholders and/or their renouncee(s) subscribe for the remaining Rights Shares, the collective equity interest of the Undertaking Shareholders in the Company will increase to approximately 81.64% of the enlarged issued and paid-up ordinary share capital after the Proposed Rights Issue. In such an event, the Company will not meet the public shareholding spread requirements under Paragraph 8.02 of the Bursa Securities LR, which requires at least 25% of the total listed shares of a listed issuer to be in the hands of public shareholders. If such a situation occurs, Tan Sri Tiong and his associates will consider various options available, which may include selling down their equity stake, to rectify the shortfall in the public shareholding spread of the Company within the timeframe allowed by the relevant authorities. However, the actual course of action will depend on, amongst others, the prevailing market conditions at the relevant time.

6.3 NA and gearing

The proforma effects of the Proposed Rights Issue and Proposed Bonus Issue on the NA and gearing of the Group, based on the latest audited consolidated statement of financial position as at 31 December 2010, and on the assumption that the Proposed Rights Issue and Proposed Bonus Issue had been effected on that date, are set out below:

| | Audited as at 31 December 2010 | Adjusted for the Proposed Acquisitions from SFS | Minimum Scenario | | Maximum Scenario | |
|----------------------------------|--------------------------------------|--|--------------------------|--------------------------------------|--------------------------|--------------------------------------|
| | | | Proposed Rights Issue | After the Proposed Bonus Issue | Proposed Rights Issue | After the Proposed Bonus Issue |
| | | | RM 000 | | | |
| Share capital – ordinary | 78,299 | 81,782 | 210,931 | 421,863 | 327,126 | 654,252 |
| Share capital – ICPS | 96,986 | 96,986 | 96,986 | 96,986 | 96,986 | 96,986 |
| Share premium | 183,908 | 196,444 | 272,434 ⁽¹⁾ | 61,503 | 342,151 ⁽¹⁾ | 15,025 |
| Merger reserves | (44,631) | (53,065) | (53,065) | (53,065) | (53,065) | (53,065) |
| Retained profits | 112,520 | 110,203 | 110,203 | 110,203 | 110,203 | 110,203 |
| Shareholders' equity / NA | 427,083 | 432,350 | 637,490 | 637,490 | 823,402 | 823,402 |
| No. of ordinary shares (000) | 156,598 | 163,563 | 421,863 | 843,726 | 654,252 | 1,308,505 |
| NA per share (RM) | 2.73 | 2.64 | 1.51 | 0.76 | 1.26 | 0.63 |
| Total borrowings | 418,587 | 418,587 | 263,587 ⁽²⁾ | 263,587 | 122,387 ⁽²⁾ | 122,387 |
| Gearing (times) ⁽³⁾ | 0.98 | 0.97 | 0.41 | 0.41 | 0.15 | 0.15 |

Notes:

- * Any discrepancy in the table above between the amounts listed and the totals are due to rounding.
- ⁽¹⁾ Based on the illustrative issue price of RM0.80 per Rights Share and after deducting estimated expenses in relation to the Proposals of RM1.5 million.
- ⁽²⁾ Assuming RM155.0 million and RM296.2 million from the gross proceeds from the Proposed Rights Issue under the Minimum Scenario and Maximum Scenario respectively are used to repay borrowings.
- ⁽³⁾ Computed based on total borrowings divided by shareholders' equity.

6.4 Earnings and EPS

The Proposed Rights Issue and Proposed Bonus Issue are not expected to have any material effect on the earnings of the Group for the financial year ending 31 December 2011, save for the interest savings expected to arise from the repayment of borrowings.

However, assuming that the net earnings of the Group remain unchanged, the EPS of RSB will be proportionately reduced as a result of the increase in the number of Shares upon issuance and allotment of the Rights Shares and Bonus Shares.

Notwithstanding the above, the proceeds from the Proposed Rights Issue are expected to contribute positively to the earnings of the Group for the ensuing financial years, when the benefits from the utilisation of proceeds are realised.

6.5 Convertible securities

As at 3 May 2011, there are 193,972,857 Outstanding ICPS in the Company, which are convertible into 193,972,857 new Shares based on the existing conversion ratio of 1 new Share for every 1 ICPS held.

Article 12A2 of RSB's Articles of Association provides for adjustment to be made to the conversion ratio of the ICPS in the event of a rights issue involving ordinary shares and/or bonus issue involving capitalisation of profits or reserves (including any share premium account). Such adjustment shall be at the determination of the Company and certified by an investment bank or the auditors of RSB. Such adjustments shall be effective on the next market day following the respective entitlement dates for the Proposed Rights Issue and Proposed Bonus Issue.

As at 3 May 2011, save for the Outstanding ICPS, RSB does not have any other convertible securities.

7. CONDITIONS OF THE PROPOSALS

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Rights Shares and Bonus Shares on the Main Market of Bursa Securities;
- (ii) the ordinary shareholders of RSB at an extraordinary general meeting to be convened in relation to the Proposals; and
- (iii) any other relevant regulatory authorities or parties, if required.

The Proposed Rights Issue and the Proposed Bonus Issue are not inter-conditional. However, the Proposed Rights Issue and the Proposed Bonus Issue are conditional upon the Proposed IASC and Proposed Amendment. The Proposed IASC and Proposed Amendment are inter-conditional.

The Proposals are not conditional upon any other corporate exercise/scheme of RSB.

8. DIRECTORS', MAJOR SHAREHOLDERS' AND/OR CONNECTED PERSONS' INTERESTS

None of the Directors and/or major shareholders of RSB and/or persons connected to them have any interest, direct or indirect, in the Proposals, save for their respective entitlements to the Rights Shares and Bonus Shares as shareholders of the Company, for which all existing ordinary shareholders of RSB are also entitled to, including the right to apply for excess Rights Shares.

9. STATEMENT BY DIRECTORS

Having considered the current and prospective financial position as well as the capacity of the Company and after careful deliberation and taking into consideration the rationale and justifications for the Proposals, the Directors of RSB are of the opinion that the Proposals are in the best interest of the Group.

10. ADVISER

CIMB has been appointed by RSB as the Principal Adviser for the Proposed Rights Issue and Proposed Bonus Issue.

11. ESTIMATED TIMEFRAME FOR SUBMISSION TO THE AUTHORITIES

The applications to Bursa Securities in respect of the Proposals are expected to be made within 1 month from the date of this Announcement.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Board expects the Proposals to be completed by the third quarter of calendar year 2011.

This Announcement is dated 27 May 2011.