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RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to

- **PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

IMPORTANT DATES AND TIMES :-

Last date and time for lodgement of proxy form	: Sunday, 28 January 2007 at 11.30 am
Date and time of Annual General Meeting	: Tuesday, 30 January 2007 at 11.30 am
Place of Annual General Meeting	: The Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123 96000 Sibul, Sarawak.

This circular is dated 8 January 2007

DEFINITIONS

In this circular, the following definitions apply throughout unless otherwise stated :-

“AGM”	Annual General Meeting
“Board”	The Board of Directors of RSB
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Companies Act”	The Malaysian Companies Act, 1965, as amended from time to time and any enactment thereof.
“CPO”	Crude palm oil
“Directors”	The directors for the time being of RSB, and shall have the same meaning as in Section 4 of the Companies Act. Includes any person who is or was within the preceding 12 months of the date on which the terms of the transactions were agreed upon, a director of RSB or any other company which is its subsidiary or holding company or chief executive officer of RSB, its subsidiary or holding company.
“FFB”	Fresh fruit bunches
“Group” or “RSB Group”	RSB and its subsidiaries
“Listing Date”	28 June 2006, being the date which the entire issued and paid-up share capital of RSB was listed and quoted on the Main Board of Bursa Securities.
“Listing Requirements”	Bursa Malaysia Securities Listing Requirements
“Major Shareholder”	A person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in a company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Companies Act. Includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a major shareholder of RSB or any other company which is its subsidiary or holding company.
“Persons Connected”	This shall have the same meaning as in Paragraph 1.01 of the Listing Requirements.
“PK”	Palm kernel
“PLCs”	Public listed company(ies)
“Proposal”	Proposed Shareholders’ Ratification and Proposed Shareholders’ Mandate
“Proposed Shareholders’ Mandate”	Proposed Shareholders Mandate for the RRPT to be entered into from the date of the forthcoming AGM of RSB until the date of the next AGM of RSB.

“Proposed Shareholders’ Ratification”	Proposed shareholders’ ratification for the RRPT entered into or to be entered into from the Listing Date until the date of the forthcoming AGM of RSB.
“related party”	A director, major shareholder or person connected with such director or major shareholder. For the purpose of this definition, ‘director’ and ‘major shareholder’ shall have the same meanings as above.
“related party transaction”	A transaction entered into by the listed issuer or its subsidiaries, which involves the interest, direct or indirect, of a related party.
“RM”	Ringgit Malaysia
“RRPT”	Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of RSB Group and which have been made or will be made by RSB Group at least once in three (3) years in the ordinary course of business of RSB Group.
“RSB” or “the Company”	Rimbunan Sawit Berhad
“Shares”	Ordinary shares of RM0.50 each.
“Shareholders’ Mandate”	Shareholders’ mandate pursuant to paragraph 10.09 of the Listing Requirements.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this circular shall have the meaning assigned to it under the Companies Act.

Any reference to a time of day shall be a reference to Malaysian time.

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RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)

(Incorporated in Malaysia)

Registered office:

No. 66-78, Pusat Suria Permata
Jalan Upper Lanang 12A
96000 Sibu
Sarawak

8 January 2007

Board of Directors :-

Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	- Executive Chairman
Tiong Kiong King	- Non-Independent Non-Executive Vice Chairman
Tiong Chiong Ong	- Managing Director
Tiong Chiong Ie	- Non-Independent Non-Executive Director
Bong Wei Leong	- Independent Director
Tiong Ing Ming	- Independent Director

To : The Shareholders of Rimbunan Sawit Berhad

Dear Sir/Madam

- **PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

Bursa Securities had, via its letter dated 18 January 2006, granted RSB an extension of time from the Listing Date to the next extraordinary general meeting or AGM of the Company, whichever is held earlier, to obtain shareholders' ratification for any RRPT to be entered into with certain Related Parties which involve the interests, direct or indirect, of the Directors, Major Shareholders and/or Persons Connected with them.

On 6 December 2006, the Company announced through Bursa Securities that the Board proposes to seek shareholders' ratification and Shareholders' Mandate for RRPT at the AGM.

The purpose of this circular is to provide shareholders with details, financial effects and rationale pertaining to the Proposal and to seek shareholders' approval for the resolution, which is to be tabled as an ordinary resolution at the forthcoming AGM scheduled to be held on 30 January 2007.

2. BACKGROUND INFORMATION OF PROVISIONS IN THE LISTING REQUIREMENTS

Paragraph 10.09 of the Listing Requirements states that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations, the PLC may seek a Shareholders' Mandate, subject to the following :-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year where :-
 - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
 - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the lower;

- (c) the PLC's circular to shareholders for the Shareholders' Mandate shall include information set out in Part B of Appendix 10D and Appendix PN12/2001-A of the Listing Requirements. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with the abovementioned appendices; and
- (d) in a meeting to obtain Shareholders' Mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

3. FEATURES OF THE PROPOSAL

(a) Principal activities of RSB Group

RSB is principally an investment holding company whilst the subsidiaries are mainly involved in the cultivation of oil palm, processing of palm oil and other ancillary activities.

The subsidiary companies of RSB as at 8 December 2006, with principal activities are as follows: -

Name of subsidiary	Effective equity interest held (%)	Principal activities
1. R.H. Plantation Sdn Bhd ("RHP")	100	Cultivation of oil palm and processing of palm oil
2. Timrest Sdn Bhd ("TR")	100	Cultivation of oil palm
3. Rimbunan Sawit Holdings Berhad ("RSHB")	100	Investment holding
4. Midas Plantation Sdn Bhd ("MP") - subsidiary of RSHB	100	Special purpose vehicle incorporated to facilitate the issuance of the Islamic debt instruments pursuant to a sale and leaseback arrangement involving some of the assets of RHP and TR

(b) RRPT of Revenue or Trading Nature

In accordance to the letter of Bursa Securities dated 18 January 2006 as well as the Listing Requirements, RSB needs to seek shareholders' ratification and Shareholders' Mandate on RRPT of revenue or trading nature, which are necessary for its day-to-day operations.

These RRPT are all incurred in the Group's normal course of business and the names of the companies (hereinafter referred as 'Mandated Related Parties'), details of the RRPT, the names of Directors, Major Shareholders and Persons Connected with them who are interested in these RRPT are outlined in pages 3 to 6 herewith.

Name of Mandated Related Parties	Nature of Transactions	Names of Interested Directors, Interested Major Shareholders of RSB Group and Interested Persons Connected	Manner of relationship with the Mandated Related Parties as at 8 December 2006		Proposed Shareholders' Ratification		Proposed Shareholders' Mandate
			Director	Major Shareholder	Actual Value of Transaction from Listing Date to 8 December 2006 (RM'000)	Estimated Value of Transactions from 9 December 2006 to 30 January 2007 (RM'000)	
Baram Trading Sdn Bhd	• Purchase of FFB by RHP	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ¹ⁱ Chay Tai Wah @ Chay Tai Cheong ⁶ Tiong Chiong Ie ⁴	✓	✓	2,852	648	10,243 (RM'000)
Cityvine Media Sdn Bhd	• Advertisement expenses by RSB, RHP, TR	Tiong Chiong Ong ² Leong Soon May ^{2a}	✓	✓	-	4	10
Cityvine Systems Sdn Bhd	• Purchase, repair & maintenance of office equipment by RHP, TR	Tiong Chiong Ong ² Leong Soon May ^{2a}	✓	✓	-	4	75
Interlink Transport Sdn Bhd	• Transportation of CPO, PK by RHP	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ¹ⁱ Rimbunan Hijau (Sarawak) Sdn Bhd ^{1m} Tiong Toh Siong Enterprises Sdn Bhd ^{1k} Pertumbuhan Abadi Asia Sdn Bhd ¹ⁿ	✓	✓	175	189	1,515
Jayamax Plantation Sdn Bhd	• Purchase of FFB by RHP	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ¹ⁱ Tiong Kiong King ³ Datuk Tiong Thai King ⁵	✓	✓	2,663	956	9,444
Lubuk Tiara Sdn Bhd	• Purchase of FFB by RHP	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ¹ⁱ Tiong Kiong King ³ Tiong Chiong Ie ⁴ Datuk Tiong Thai King ⁵	✓	✓	366	146	1,627

Name of Mandated Related Parties	Nature of Transactions	Names of Interested Directors, Interested Major Shareholders of RSB Group and Interested Persons Connected	Manner of relationship with the Mandated Related Parties as at 8 December 2006		Proposed Shareholders' Ratification		Proposed Shareholders' Mandate
			Director	Major Shareholder	Actual Value of Transaction from Listing Date to 8 December 2006 (RM'000)	Estimated Value of Transactions from 9 December 2006 to 30 January 2007 (RM'000)	
Pelita-Splendid Plantation Sdn Bhd	• Purchase of FFB by RHP	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ^{li} Datuk Tiong Thai King ^s	✓	✓	380	77	1,760 (RM'000)
PM Academy Sdn Bhd	• Provision for staff training and seminars to RSB, RHP, TR	Tiong Chiong Ong ² Leong Soon May ^{2a}	✓	✓	-	4	28
R.H. Biotech Sdn Bhd	• Fertiliser testing charges by RHP, TR	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Chiong Ong ²	✓	✓	15	2	28
Rejang Green Agriculture Supplies Sdn Bhd	• Purchase of fertiliser and chemical by RHP, TR	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ^{li} Tiong Toh Siong Enterprises Sdn Bhd ^{1k}	✓	✓	3,105	762	15,839
Rimbunan Hijau Academy Sdn Bhd	• Provision of staff training and seminars to RHP, TR	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ^{li} Datuk Tiong Thai King ^s	✓	✓	-	4	65
Rimbunan Hijau General Trading Sdn Bhd	• Purchase of spare parts, tools and repair and maintenance by RHP & TR	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ¹ Tiong Toh Siong Holdings Sdn Bhd ^{1h} Teck Sing Lik Enterprise Sdn Bhd ^{li} Rimbunan Hijau Southeast Asia Sdn Bhd ^{li} Richtrade Sdn Bhd ^{li} Datuk Tiong Thai King ^s	✓	✓	1,476	262	3,939

Name of Mandated Related Parties	Nature of Transactions	Names of Interested Directors, Interested Major Shareholders of RSB Group and Interested Persons Connected	Manner of relationship with the Mandated Related Parties as at 8 December 2006		Proposed Shareholders' Ratification		Proposed Shareholders' Mandate
			Director	Major Shareholder	Actual Value of Transaction from Listing Date to 8 December 2006 (RM'000)	Estimated Value of Transactions from 9 December 2006 to 30 January 2007 (RM'000)	
Tiong Toh Siong Holdings Sdn Bhd	• Payment for rental of premises by RHP, TR ^a	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King ^l Teck Sing Lik Enterprise Sdn Bhd ^{li} Priharta Development Sdn Bhd ^{4a} Tiong Kiong King ³ Datuk Tiong Thai King ⁵ Tiong Choon ^{lc} Tiong Ik King ^{lf} Tiong Kiu King ^{lg} Tiong Chiong Ie ⁴ Tiong Chiong Siong ^{4b} Tiong Jin Choo ^{4c}	✓	✓	7	3	16

Notes:-

1 - 6 - Please refer to table shown in page 7 of this circular.

	Location	Size	Purpose	Rental per month (RM)
a	Lot 134, 136 & 138, Jalan Permaisuri, Miri, Sarawak	144m ²	Miri regional office	1,300

3. (c) The Related Parties

Name of Director and Major Shareholder of RSB Group	Persons/Companies connected	Relationship
1 Tan Sri Datuk Diong Hiew King @ Tiong Hiew King - <i>Directors of RSB, RHP and TR and Major Shareholder of RSB</i>	1a Tiong Chiong Ong ² ; and 1b Tiong Chiong Hoo 1c Tiong Choon 1d Tiong Kiong King ³ ; 1e Datuk Tiong Thai King ⁵ ; 1f Tiong Ik King; and 1g Tiong Kiu King 1h Tiong Toh Siong Holdings Sdn Bhd - <i>Major Shareholder of RSB</i> ; 1i Teck Sing Lik Enterprise Sdn Bhd - <i>Major Shareholder of RSB</i> ; 1j Rimbunan Hijau Southeast Asia Sdn Bhd - <i>Major Shareholder of RSB</i> ; 1k Tiong Toh Siong Enterprise Sdn Bhd - <i>Major Shareholder of RSB</i> ; 1l Richtrade Sdn Bhd; 1m Rimbunan Hijau (Sarawak) Sdn Bhd; and 1n Pertumbuhan Abadi Asia Sdn Bhd - <i>Major Shareholder of RSB</i>	} Son } } Daughter } } Brothers } } } } } } } Substantial } interests in } shareholdings } } } } }
2 Tiong Chiong Ong - <i>Directors of RSB and MP</i>	2a Leong Soon May	} Spouse
3 Tiong Kiong King - <i>Directors of RSB and TR</i>	Nil	Nil
4 Tiong Chiong Ie - <i>Director of RSB</i>	4a Priharta Development Sdn Bhd 4b Tiong Chiong Siong 4c Tiong Jin Choo	} Substantial } interest in } shareholdings } Brother } Sister
5 Datuk Tiong Thai King - <i>Directors of TR and RHP</i>	5a Fatherland Sdn Bhd 5b Tiong Chiong Hee; and 5c Tiong Chiong Yong	} Substantial } interest in } shareholdings } Son }
6 Chay Tai Wah @ Chay Tai Cheong - <i>Director of TR</i>	Nil	Nil

(d) Conditions of Shareholders' Mandate

The Shareholders' Mandate are subject to annual renewal and shall continue to be in force until :-

- (i) the conclusion of the next AGM of RSB at which the Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of Companies Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting.

whichever is the earlier.

A disclosure of the aggregate value of RRPT conducted pursuant to the Shareholders' Mandate shall be made in the annual report, including a breakdown of the aggregate value of the RRPT made during the financial year where :-

- (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
- (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the lower,

and amongst others, based on the following information :-

- the type of RRPT made; and
- the names of the related parties involved in each type of the RRPT made and their relationship with RSB.

(e) Procedures and guidelines for determination of prices for RRPT

The Board has in place an internal control system, which includes review procedures and guidelines to ensure that transactions with Mandated Related Parties are made on normal commercial terms and are not prejudicial to the interests of the minority shareholders. These procedures are in place to ensure that each major Mandated Related Party transactions is approved and reviewed by the Directors or authorized personnel, based on terms not more favourable to the Mandated Related Parties than those generally available to the public, on arms length basis and are not to the detriment of the minority shareholders, giving due consideration to all circumstances of each transaction.

These procedures include the following :-

- (i) surveys will be undertaken to gather information to compare the prices, fees or charges quoted by third parties and Mandated Related Parties for the purpose of determining the competitive market price, fee or charges of materials, goods and services. It is a policy of RSB to purchase materials, goods or services from related parties when the prices, fees or charges are competitive with prices, fees or charges obtained from third parties. Other factors such as availability of raw material or resources, reliability of supply, delivery, services and quality of material or goods will also be taken into consideration for evaluation purposes.
- (ii) market prices will be used to determine the transaction price for sales to Mandated Related Parties.
- (iii) market value will be used to determine the rental sum in respect of renting of premises.
- (iv) on a periodic basis, the procedures and guidelines pertaining to Mandated Related Party transactions will be reviewed by senior management of RSB and the Audit Committee to ensure that the terms of the transactions are not more favourable to the Mandated Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders.
- (v) the annual internal audit plan shall incorporate a review of all related party transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Should any discrepancies arise relating to the procedures and guidelines, proper steps would be taken to rectify them accordingly.
- (vi) the Audit Committee shall, amongst others, review these internal audit plan and reports on RRPT and any conflict of interest situation that may arise within RSB and the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

(f) Statement by Audit Committee

The Audit Committee comprises the following Directors :-

	Name of Members	Designation
1.	Bong Wei Leong	Chairman
2.	Tiong Chiong Ong	Member
3.	Tiong Ing Ming	Member

The Audit Committee of RSB has seen and reviewed the procedures stated in point 3(e) above and is of the view that the existing procedures and guidelines are sufficient to ensure that such RRPT will be carried out on normal commercial terms which are not prejudicial to the interests of shareholders and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

4. FINANCIAL EFFECTS OF THE PROPOSAL

The Proposal will not have any financial effect on the net asset and earnings per share of the Group and issued and paid-up capital of RSB.

5. RATIONALE AND BENEFIT OF THE PROPOSAL

The RRPT entered and to be entered into by RSB and the Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPT described herein to allow the Group to enter into such recurrent transactions made on an arm's length basis and on normal commercial terms not prejudicial to the interest of the shareholders and not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

RSB and the Group enter into RRPT to take advantage of efficiencies in business dealings, in particular competitive prices, shorter delivery time and reliability in source of materials, goods and services. These Related Parties have long-standing business relationships with RSB Group and the quality of the products have proven to meet the stringent requirements imposed by the Group.

By obtaining the Shareholders' Mandate, and the renewal of the same on an annual basis, the need to convene separate general meetings from time to time to seek shareholders' approval for the entry by the Group into such RRPT will be eliminated. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such general meetings without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The RRPT are intended to meet the business needs of RSB Group at the best possible terms. By transacting with the Related Parties, RSB Group would have an advantage of familiarity with the background, financial well-being and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, RSB Group and the Related Parties have a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPT.

Renting of office space to the Related Parties provides RSB Group and the Related Parties with an effective and efficient support to their operational needs whereby they are located in the same location. This will also maximise the utilisation of empty office space and enabling RSB Group to generate more income.

These would ultimately benefit the Group and the shareholders by enhancing profitability and returns on shareholders' funds.

6. CONDITIONS OF THE PROPOSAL

The Proposal is conditional upon approval being obtained from the shareholders of RSB at the forthcoming AGM. The Proposed Shareholders' Mandate is subject to annual review and a breakdown of the aggregate value of RRPT conducted pursuant to the Shareholders' Mandate during the financial year, shall be disclosed in RSB's annual report.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The interested Directors, namely Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, Tiong Kiong King, Tiong Chiong Ong and Tiong Chiong Ie have abstained, and will continue to abstain from all board deliberations and voting in the board resolutions pertaining to the Proposal.

These interested Directors, as named in immediate paragraph above, and the interested Major Shareholders namely, Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd and Pertumbuhan Abadi Asia Sdn Bhd, and all persons connected with them, as mentioned in page 11 of this circular, will abstain from voting on the resolution, in respect of their direct and indirect shareholdings, approving the Proposal at the AGM.

All the interested Directors and the interested Major Shareholders as named in the paragraphs above have undertaken to ensure that the persons connected with them shall also abstain from voting in respect of their direct and indirect shareholdings on the resolution approving the Proposal at the AGM.

The direct and indirect interests in the Company of the interested Directors, interested Major Shareholders and Persons Connected with them as at 8 December 2006 are outlined in page 11 herewith.

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Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Interested Directors of RSB :-				
Tan Sri Datuk Diong Hiew King @ Tiong Hiew King - <i>Directors of RSB, RHP and TR and Major Shareholder of RSB</i>	300,000	0.23	68,375,894 ^(a)	53.31
Tiong Kiong King - <i>Directors of RSB and TR</i>	813,600 ^(b)	0.63	3,027,300 ^(c)	2.36
Tiong Chiong Ong - <i>Directors of RSB and MP</i>	478,400	0.37	-	-
Tiong Chiong Ie - <i>Director of RSB</i>	300,000	0.23	2,466,200 ^(d)	1.92
Interested Directors of subsidiaries :-				
Datuk Tiong Thai King - <i>Directors of TR and RHP</i>	-	-	-	-
Chay Tai Wah @ Chay Tai Cheong - <i>Director of TR</i>	-	-	-	-
Interested Major Shareholders of RSB :-				
Tiong Toh Siong Holdings Sdn Bhd	31,037,594	24.20	-	-
Rimbunan Hijau Southeast Asia Sdn Bhd	15,073,100	11.75	-	-
Teck Sing Lik Enterprise Sdn Bhd	7,047,500	5.49	47,410,994 ^(e)	36.96
Pertumbuhan Abadi Asia Sdn Bhd	11,856,600	9.24	17,033,900 ^(f)	13.28
Tiong Toh Siong Enterprises Sdn Bhd	1,300,300	1.01	15,073,100 ^(g)	11.75
Persons Connected :-				
Tiong Ik King*	3,675,800 ^(b)	2.87	-	-
Tiong Kiu King*	2,206,800 ^(b)	1.72	-	-
Tiong Chiong Hoo*	-	-	-	-
Tiong Choon*	226,000	0.18	901,800 ⁽ⁱ⁾	0.70
Richtrade Sdn Bhd*	-	-	-	-
Rimbunan Hijau (Sarawak) Sdn Bhd*	1,960,800	1.53	-	-
Leong Soon May*	1,000	0.00 [#]	-	-
Priharta Development Sdn Bhd*	2,466,200	1.92	-	-
Tiong Chiong Siong*	-	-	-	-
Tiong Jin Choo*	-	-	-	-
Fatherland Sdn Bhd*	-	-	-	-
Tiong Chiong Hee*	-	-	-	-
Tiong Chiong Yong*	-	-	-	-
Rejang Healthcare Corporation Sdn Bhd - <i>connected with Tan Sri Datuk Diong Hiew King @ Tiong Hiew King</i>	100,000	0.08	-	-
Biru-Hijau Enterprise Sdn Bhd - <i>connected with Tiong Kiong King</i>	3,027,300 ^(b)	2.36	-	-
Puan Sri Datin Ngu Yui Chuo - <i>wife of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King</i>	200,000	0.16	-	-
Tiong Chiew - <i>daughter of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King</i>	229,700	0.18	-	-
Tiong Ching - <i>daughter of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King</i>	229,700	0.18	-	-
Tiong Ing - <i>daughter of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King</i>	-	-	229,700 ⁽ⁱ⁾	0.18

* Please refer to table shown in page 7 of this circular for their relationships.

Less than 0.01%.

(a) Deemed interested by virtue of his interests in Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd and Rejang Healthcare Corporation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(b) Shares held through Mayban Nominees (Tempatan) Sdn Bhd.

(c) Deemed interested by virtue of his interests in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(d) Deemed interested by virtue of his interests in Priharta Development Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(e) Deemed interested by virtue of its interests in Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd and Rimbunan Hijau Southeast Asia Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(f) Deemed interested by virtue of its interests in Rimbunan Hijau Southeast Asia Sdn Bhd and Rimbunan Hijau (Sarawak) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(g) Deemed interested by virtue of its interests in Rimbunan Hijau Southeast Asia Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(h) Shares held through Kenanga Nominees (Tempatan) Sdn Bhd.

(i) Deemed interested by virtue of her interests in TC Blessed Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(j) Deemed interested by virtue of her interests in ETI Blessed Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected with them as defined in the Listing Requirements have any interest, direct or indirect, in the Proposal.

8. RECOMMENDATION BY DIRECTORS

Your Directors, namely Bong Wei Leong and Tiong Ing Ming (being other than the named Directors who are interested in the Proposal as disclosed in page 7 of this circular) having considered all aspects of the Proposal, are of the opinion that it is in the best interest of the Company and hereby recommend that shareholders vote in favour of this ordinary resolution at the AGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

If a shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of RSB at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak not later than 11.30 am on Sunday, 28 January 2007. The completion and return of the proxy form by a shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.

10. ANNUAL GENERAL MEETING

The AGM will be held at the Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Tuesday, 30 January 2007 at 11.30 am and any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution set out in the notice of AGM.

11. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix A for further information.

Yours faithfully

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BONG WEI LEONG

Senior Independent Director

ADDITIONAL INFORMATION**1. Responsibility Statement**

This circular has been seen and approved by the Directors of RSB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by RSB Group during the two (2) years immediately preceding the date of this circular :-

- (a) A conditional share sale agreement dated 25 January 2006 entered into between RSB and the existing shareholders of RHP in relation to the Acquisition of RHP.
- (b) A conditional share sale agreement dated 6 February 2006 entered into between RSB and the existing shareholders of TR in relation to the Acquisition of TR.
- (c) A conditional share sale agreement dated 25 January 2006 entered into between RSB and the existing shareholders of RSHB in relation to the Acquisition of RSHB.
- (d) A conditional sale and purchase agreement dated 14 April 2005 entered into between Lubuk Tiara Sdn Bhd and RHP for the acquisition by RHP of a portion of land measuring approximately 613 hectares within Lot 6, Dulit Land District, Miri Sarawak for a cash consideration of RM1,839,000.
- (e) A conditional sale and purchase agreement 5 March 2005 entered into between Kina Juara Sdn Bhd and RHP for the acquisition by RHP of a portion of land measuring approximately 216 hectares within Lot 59, Bok Land District, Miri Sarawak for a cash consideration of RM800,610.
- (f) A conditional sale and purchase agreement 5 March 2005 entered into between Kina Juara Sdn Bhd and TR for the acquisition by TR of Lot 71, Sawai Land District, Miri Sarawak for a cash consideration of RM3,247,020.
- (g) A sale and purchase agreement dated 30 December 2005 entered into between Suria Permata Sdn Bhd and RHP for the acquisition by RHP of 2 adjoining 4-storey shophouses measuring approximately 422.2 sq. meter identified as Sublots 52 and 53 within Lots 650 and 520, Block 10, Sibul Town District, Sarawak for a cash consideration of RM2,005,000.
- (h) Sukuk Ijarah Trust Deed dated 4 May 2005 constituting the Sukuk Ijarah Islamic securities of nominal value of RM93,000,000 (comprising Class A Sukuk Ijarah, Class B Sukuk Ijarah, Class C Sukuk Ijarah and Class D Sukuk Ijarah) made between MP as issuer of the Sukuk Ijarah and Malaysian Trustees Berhad (“MTB”) as trustee for the holders of the Sukuk Ijarah.
- (i) Sukuk Ijarah CP/MTN Trust Deed dated 4 May 2005 constituting the Sukuk Ijarah commercial papers (represented by the CPs Global Certificates or Definitive CPs) and the Sukuk Ijarah medium term notes (represented by the MTNs Global Certificates or Definitive MTNs) of up to RM50,000,000 made between MP as issuer of the Sukuk Ijarah CP/MTN and MTB as trustee for the holders of the Sukuk Ijarah CP/MTN.
- (j) Programme Agreement dated 4 May 2005 entered into between MP as issuer and OCBC Bank (Malaysia) Berhad (“OCBC”) as lead arranger and OCBC as issue agent, paying agent and facility agent in respect of the Sukuk Ijarah CP/MTN programme put in place by the issuer with a tenure of 7 years commencing from the date the first Sukuk Ijarah CP/MTN is issued.

2. Material Contracts (Cont.)

- (k) Master Sale and Purchase Agreement dated 4 May 2005 entered into between RHP (also acting as attorney for TR) as seller and MP as purchaser and MTB as trustee whereby the seller has agreed to sell and the purchaser has agreed to purchase all the beneficial (and not legal) rights, titles and interests of the seller in and to the Ijarah Assets at the purchase consideration of RM143,000,000.
- (l) RH Ijarah Agreement dated 4 May 2005 entered into between RHP as lessee and MP as lessor and MTB as trustee whereby RHP has agreed to lease back and the lessor has agreed to grant to RHP a lease of the RH Assets for the period of the Ijarah Tenure in consideration of the Ijarah Payments.
- (m) Timrest Ijarah Agreement dated 4 May 2005 entered into between TR as lessee and MP as lessor and MTB as trustee whereby TR has agreed to lease back and the lessor has agreed to grant to TR a lease of the Timrest Assets for the period of the Ijarah Tenure in consideration of the Ijarah Payments.
- (n) Put and Call Option Agreement dated 4 May 2005 entered into between RHP and TR collectively as grantors and MP as optionholder and MTB as trustee whereby :-
 - (i) the grantors have granted to the optionholder the unconditional and irrevocable right exercisable within the Asset Put Option Period to require the grantors to purchase from the Optionholder the Ijarah Assets at the Asset Put Option Exercise Price; and
 - (ii) the optionholder has granted to the grantors the Call Option to require the optionholder to sell to the respective grantors the respective Ijarah Assets on the Ijarah Maturity Date at the nominal value of RM1.00 each.
- (o) Sukuk Put Option Agreement dated 4 May 2005 entered into between MP and MTB as trustee and OCBC as obligor and RSHB (whereby the obligor has irrevocably and unconditionally granted to the trustee (for the benefit of the Sukuk Ijarah CP/MTN Investors) the right to require the obligor to purchase all outstanding Sukuk Ijarah CP/MTN from the Sukuk Ijarah CP/MTN Investors at any time during the Sukuk Put Option Period.
- (p) Power of Attorney I dated 4 May 2005 granted by TR in favour of RHP for the benefit of MP whereby TR has irrevocably appointed RHP to be its attorney to sell and transfer the entire beneficial interest (and not legal title) of TR in and to the Timrest Assets.
- (q) Power of Attorney II dated 4 May 2005 granted by TR and RHP in favour of MTB as trustee whereby TR and RHP each has irrevocably and unconditionally appointed the trustee to be their attorney to sell and transfer their entire rights, benefits, legal title and interest in and to the Ijarah Assets.
- (r) Assignment dated 4 May 2005 executed by MP as assignor in favour of MTB as assignee/trustee whereby the assignor as holder of the legal title to the Assigned Documents has assigned and agreed to assign absolutely to the trustee all its present and future rights, title and interest in and to the Assigned Documents.
- (s) Service Agency Agreement dated 4 May 2005 entered into between MP and RHP and TR and MTB whereby MP has appointed RHP and TR severally to be its service agents in connection with the ownership, maintenance and insurance of the RH Assets and the TR Assets respectively.
- (t) Depository and Paying Agency Agreement dated 13 May 2005 entered into between MP as issuer and MTB as trustee and Bank Negara Malaysia as central depository and paying agent and OCBC as lead arranger whereby the issuer has appointed the central depository and the paying agent to act as depository and paying agent respectively in respect of the Sukuk Ijarah.
- (u) Agency and Depository Agreement dated 4 May 2005 entered into between MP as issuer and OCBC as issue agent and OCBC as paying agent and OCBC as depository whereby the issuer has appointed the issue agent, the paying agent and the depository to act as issue agent, paying agent and depository respectively in respect of the Sukuk Ijarah CP/MTN.

2. Material Contracts (Cont.)

- (v) Subscription Agreement dated 4 May 2005 entered into between MP as issuer and OCBC as lead arranger and OCBC as subscriber whereby the subscriber has agreed to subscribe for the Sukuk Ijarah.
- (w) Supplemental Subscription Agreement dated 20 June 2005 entered into between MP as issuer and OCBC as lead arranger and OCBC as subscriber whereby the Subscription Agreement dated 4 May 2005 entered into between the same parties has been amended in the manner set out in the supplemental subscription agreement.
- (x) Deed of Definitions dated 4 May 2005 made between MP and MTB and OCBC and RHP and TR which sets out the definition of words and expressions used in the Transaction Documents and the rules of construction and interpretation thereof.
- (y) Construction contract dated 27 December 2005 entered into between TR and Trans-Merge Sdn Bhd whereby Trans-Merge Sdn Bhd has been engaged to construct various estate buildings and facilities for TR for a total contract sum of RM3,993,680 payable in cash.
- (z) Construction contracts dated 27 December 2005 entered into between RHP and Trans-Merge Sdn Bhd whereby Trans-Merge Sdn Bhd has been engaged to construct various estate buildings and facilities for RHP for a total contract sum of RM3,628,884 payable in cash.
- (aa) Underwriting Agreement dated 13 March 2006 between RSB and Malaysian International Merchant Bankers Berhad for the underwriting of 10,000,000 public issue shares to be offered to the Malaysian Public and eligible Directors and employees of RSB Group for an underwriting commission of 1.25% of the issue price in respect of the 10,000,000 public issue shares.

3. Material Litigation

Neither the Company nor its subsidiaries are engaged in any litigation, claims or arbitration, either as plaintiff or defendant which has a material effect on the financial position of the Company or its subsidiaries, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of the Company or its subsidiaries.

4. Documents for Inspection

Copies of the following documents are available for inspection at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak following the publication of this circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the AGM :-

- (a) the Memorandum and Articles of Association of RSB;
- (b) the audited financial statements of RSB and Group, for the two (2) financial years ended 31 August 2005 and 31 August 2006;
- (c) all material contracts as outlined in point (2) above; and
- (d) letter from Bursa Securities dated 18 January 2006.