

## **RIMBUNAN SAWIT BERHAD (“RSB” OR THE “COMPANY”)**

### **PROPOSED ACQUISITIONS BY THE COMPANY OF THE FOLLOWING:-**

- **85% OF EQUITY INTEREST IN BARAM TRADING SDN BHD (“BTSB”) COMPRISING 4,250,000 ORDINARY SHARES OF RM1.00 EACH FOR AN INDICATIVE PURCHASE CONSIDERATION OF RM18,417,000 TO BE SATISFIED IN CASH; AND**
- **85% OF EQUITY INTEREST IN NESDAYA PALMA SDN BHD (“NPSB”) COMPRISING 2,125,000 ORDINARY SHARES OF RM1.00 EACH FOR AN INDICATIVE PURCHASE CONSIDERATION OF RM32,250,000 TO BE SATISFIED IN CASH**

### **(COLLECTIVELY KNOWN AS “PROPOSED ACQUISITIONS”)**

Contents :

## **1. INTRODUCTION**

- 1.1 On behalf of the Board of Directors of RSB (“Board”), MIMB Investment Bank Berhad (formerly known as Malaysian International Merchant Bankers Berhad) (“MIMB”) wishes to announce that the Company had on 12 October 2007 entered into 2 separate conditional sale and purchase agreements for shares (“SPA”) in relation to the proposed acquisitions of the following:-
- (a) 4,250,000 ordinary shares of RM1.00 each in BTSB representing 85% of its issued and paid-up share capital from Pemandangan Jauh Plantation Sdn Bhd (“PJP”), Rimbunan Hijau (Sarawak) Sdn Bhd (“RHS”), Tiong Toh Siong Holdings Sdn Bhd (“TTSH”) and Telang Usan Resources Sdn Bhd (“TUR”) for an indicative purchase consideration of RM18,417,000 to be satisfied in cash (“Proposed BTSB Acquisition”); and
  - (b) 2,125,000 ordinary shares of RM1.00 each in NPSB representing 85% of its issued and paid-up share capital from PJP and Desa Nuri Sdn Bhd (“DN”) for an indicative purchase consideration of RM32,250,000 to be satisfied in cash (“Proposed NPSB Acquisition”).

DN, PJP, RHS, TTSH and TUR are collectively known as “the Vendors”.

## **2. PROPOSED BTSB ACQUISITION**

### **2.1 Details of the Proposed BTSB Acquisition**

The Proposed BTSB Acquisition involves the acquisition by RSB of 4,250,000 ordinary shares of RM1.00 each in BTSB (“BTSB Shares”) representing 85% of the issued and paid-up share capital of BTSB from PJP, RHS, TTSH and TUR for an indicative cash consideration of RM18,417,000.

The BTSB Shares shall be acquired free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared paid or made in respect thereof.

The Vendors of the BTSB Shares are as follows:-

<b>Vendors</b>	<b>No. of BTSB Shares</b>	<b>% of total issued shares</b>
PJP	3,251,057	65.02
RHS	124,471	2.49
TTSH	124,472	2.49
TUR	750,000	15.00
	<u>4,250,000</u>	<u>85.00</u>

## 2.2 Information on BTSB

BTSB was incorporated in Malaysia on 25 July 1980 under the Companies Act, 1965 (“Act”) as a private limited company and the company is principally involved in the cultivation of oil palm.

Presently, it has an authorised share capital of RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. Presently, BTSB does not have any subsidiary or associated company.

Presently, the directors of BTSB are as follows:-

- (a) Tan Sri Datuk Diong Hiew King @ Tiong Hiew King (“TSTHK”);
- (b) Datuk Stephen Timothy Wan Ullok;
- (c) Penghulu Ngau Ajang; and
- (d) Tiong Chiong Ie.

The existing shareholders of BTSB as at 30 September 2007 were as follows:-

<b>Shareholders</b>	<b>No. of BTSB Shares</b>	<b>%</b>
PJP	3,251,057	65.02
RHS	124,471	2.49
TTSH	124,472	2.49
TUR	1,500,000	30.00
	<u>5,000,000</u>	<u>100.00</u>

## 2.3 Salient Financial Information on BTSB

<b>Financial years ended 31 July</b>	<b>Audited 2002 RM’000</b>	<b>Audited 2003 RM’000</b>	<b>Audited 2004 RM’000</b>	<b>Audited 2005 RM’000</b>	<b>Audited 2006 RM’000</b>	<b>Unaudited 2007 RM’000</b>
Revenue	-	888	2,540	3,872	5,328	7,312
Loss before taxation (“LBT”)	(14)	(1,446)	(3,011)	(4,389)	(2,073)	(2,152)
Loss after taxation (“LAT”)	(14)	(1,446)	(3,011)	(4,389)	(2,073)	(2,152)

## 2.4 Basis of Purchase Consideration

The indicative purchase consideration for the Proposed BTSB Acquisition amounting to RM18,417,000 was arrived at between the Company and the Vendors on a “willing-buyer willing-seller” basis after taking into consideration the following factors:-

- (a) the unaudited NL of BTSB as at 31 July 2007 of approximately RM5.2 million; and
- (b) the surplus arising from the revaluation of the oil palm plantation estate of BTSB (“Temala Estate”) based on the market value of Temala Estate which has been appraised by Henry Butcher Malaysia (Miri) Sdn Bhd, the Independent Valuer.

The final purchase consideration for the Proposed BTSB Acquisition will be adjusted accordingly based on the final audited accounts of BTSB as at 31 July 2007 in the event the difference between the adjusted audited and adjusted unaudited NL of BTSB as at 31 July 2007 is more than RM100,000.

## 2.5 Mode of Payment

The indicative purchase consideration for the Proposed BTSB Acquisition shall be payable in the following manner:-

- (a) 10% equivalent to RM1,841,700 upon execution of the SPA; and
- (b) the balance 90% equivalent to RM16,575,300, subject to the adjustment as stated in Section 2.4 of this announcement, within 30 days from the date of fulfillment of the conditions precedent under the SPA.

## 2.6 Source of Funds

The Company intends to finance the Proposed BTSB Acquisition through its internal funds. The Company will not assume any liability arising from the Proposed BTSB Acquisition. The liabilities of BTSB shall remain in the books of the company and shall be settled in its ordinary course of business. As BTSB is already in operations, no additional financial commitment is expected to be required from RSB in putting the business operations of BTSB on-stream after the completion of the Proposed BTSB Acquisition.

## 2.7 Original Dates and Costs of Investment

The original dates and costs of investment of the Vendors in BTSB were as follows:-

Shareholders	Dates of investment	No. of BTSB Shares	Original cost of investment (RM)
PJP	01.08.1998	3,251,057	3,251,057
RHS	18.01.2000	124,471	124,471
TTSH	04.05.1998 31.12.1998	11,035 113,437	124,472 1,279,618
TUR	04.05.1996 01.08.1998	106,689 1,393,311	106,689 1,393,311

Brief information on the Vendors is set out in Section 4 of this Announcement.

## **2.8 Salient Terms of the SPA**

Some of the salient terms of the SPA for the Proposed BTSSB Acquisition are as follows:-

### **(a) Payment Terms**

The purchase consideration for the BTSSB Shares shall be satisfied as follows:-

- (i) the deposit equivalent to RM1,841,700 shall be paid by the Company to the Vendors (in their respective proportions) upon the execution of the SPA, the receipt whereof is hereby acknowledged by the Vendors; and
- (ii) the balance purchase consideration shall be paid by the Company to the Vendors on the completion date by way of cheque or in such manner as may be mutually agreed upon by the parties.

### **(b) Conditions Precedent**

The sale and purchase of the BTSSB Shares shall be conditional upon the fulfillment of the following within the stipulated period:

- (i) the Company obtaining the letter of no objection of the Foreign Investment Committee for the Proposed BTSSB Acquisition;
- (ii) the Company obtaining the approval of its shareholders in a general meeting for the Proposed BTSSB Acquisition;
- (iii) if applicable, the Vendors procuring the approval/consent from its banks and financial institutions for the change in the shareholding structure and composition of the Board of Directors consequential to the Proposed BTSSB Acquisition;
- (iv) the conduct of a financial and legal due diligence by the Company on BTSSB, and its affairs, the results of which are determined by the Company in its sole and absolute discretion to be satisfactory; and
- (v) if required, the Vendors procuring any other approval or consent of any relevant authority.

The conditions precedent under the SPA are to be fulfilled within 3 months from the date of the SPA, or such extended period as may be mutually agreed by the parties in writing.

(c) Vendor's Warranties

- (i) The Vendors:-
- (aa) give such warranties and representations to the Company as stipulated in Schedule 2 of the SPA in connection with BTSB, and the same shall be deemed to be as effective on the completion date as it is on the date thereof;
  - (bb) warrant that, save and except as previously disclosed to the Company in writing, the warranties and representations stipulated in Schedule 2 of the SPA are true and accurate in all respects, and, will continue to be so up to and including the completion date; and
  - (cc) warrant that the contents of any disclosure in writing and of all accompanying documents (if any) are true and accurate in all respects and fully, clearly and accurately disclose every matter to which they relate.
- (ii) The Vendors undertake, in relation to any warranty and representation stipulated in Schedule 2 of the SPA which refers to the knowledge, information or belief of the Vendors, that they have made careful enquiry into the subject matter of that warranty and representation and is to the best of the Vendors' knowledge true.
- (iii) Each of the warranties and representations stipulated in Schedule 2 of the SPA is without prejudice to any other warranty and representation and, except where expressly stated otherwise, no clause of the SPA shall govern or limit the extent or application of any other clause.
- (iv) The Vendors shall promptly disclose in writing to the Company any event or circumstance which arises or becomes known to them prior to the completion date and is inconsistent with any of the warranties and representations or the contents of any disclosure in writing or which the Vendors knew (or ought reasonably to have known) would have been material to be known by a purchaser for value of the BTSB Shares.
- (v) The rights and remedies of the Company in respect of any breach of the warranties and representations stipulated in Schedule 2 of the SPA shall not be affected by the completion of the sale and purchase transaction therein contained, by any investigation made by the Company or on its behalf into the affairs of BTSB, by its rescinding or failing to rescind the SPA, or failing to exercise or delaying the exercise of any right or remedy, or by any other event or matter, except a specific and duly authorised written waiver or release, and no single or partial exercise of any right or remedy shall preclude any further or other exercise.
- (vi) The Vendors shall procure that, except so far as may be necessary to give effect to the SPA, BTSB shall not, prior to the completion date, without the prior written consent of the Company, do, procure or allow anything which may cause, constitute or result in a breach of the warranties and representations stipulated in Schedule 2 of the SPA.

### 3. PROPOSED NPSB ACQUISITION

#### 3.1 Details of the Proposed NPSB Acquisition

The Proposed NPSB Acquisition involves the acquisition by RSB of 2,125,000 ordinary shares of RM1.00 each in NPSB (“NPSB Shares”) representing 85% of the issued and paid-up share capital of NPSB from PJP and DN for an indicative cash consideration of RM32,250,000.

The NPSB Shares shall be acquired free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared paid or made in respect thereof.

The Vendors of the NPSB Shares are as follows:-

<b>Vendors</b>	<b>No. of NPSB Shares</b>	<b>% of total issued shares</b>
PJP	1,750,000	70.00
DN	375,000	15.00
	<u>2,125,000</u>	<u>85.00</u>

#### 3.2 Information on NPSB

NPSB was incorporated in Malaysia on 18 May 1999 under the Act as a private limited company and the company is principally involved in the cultivation of oil palm.

Presently, it has an authorised share capital of RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each, of which 2,500,000 shares have been issued and fully paid-up. Presently, NPSB does not have any subsidiary or associated company.

Presently, the directors of NPSB are as follows:-

- (a) Junaidi bin Hj. Reduan;
- (b) Datuk Tiong Thai King;
- (c) Tiong Chiong Ong; and
- (d) Wong Yiing Ngiik.

The existing shareholders of NPSB as at 30 September 2007 were as follows:-

<b>Shareholders</b>	<b>No. of NPSB Shares</b>	<b>%</b>
PJP	1,750,000	70.00
DN	375,000	15.00
State Financial Secretary, Sarawak	375,000	15.00
	<u>2,500,000</u>	<u>100.00</u>

### 3.3 Salient Financial Information on NPSB

Financial period/years ended 31 July	Audited *2002 RM'000	Audited 2003 RM'000	Audited 2004 RM'000	Audited 2005 RM'000	Audited 2006 RM'000	Unaudited 2007 RM'000
Revenue	-	-	-	-	175	1,178
Profit before taxation/(LBT)	(187)	13	(206)	(348)	(395)	(5)
Profit after taxation/(LAT)	(187)	13	(206)	(348)	(395)	(5)

\* Based on audited accounts for the financial year ended 31 December 2002. NPSB changed its financial year end to 31 July in 2003.

### 3.4 Basis of Purchase Consideration

The indicative purchase consideration for the Proposed NPSB Acquisition amounting to RM32,250,000 was arrived at between the Company and PJP on a “willing-buyer willing-seller” basis after taking into consideration the following factors:-

- (a) the unaudited NL of NPSB as at 31 July 2007 of approximately RM0.5 million; and
- (b) the surplus arising from the revaluation of the oil palm plantation estate of NPSB (“Nescaya Palma Estate”) based on the market value of Nescaya Palma Estate which has been appraised by Henry Butcher Malaysia (Miri) Sdn Bhd, the Independent Valuer.

The final purchase consideration for the Proposed NPSB Acquisition will be adjusted accordingly based on the final audited accounts of NPSB as at 31 July 2007 in the event the difference between the adjusted audited and adjusted unaudited NL of NPSB as at 31 July 2007 is more than RM100,000.

### 3.5 Mode of Payment

The indicative purchase consideration for the Proposed NPSB Acquisition shall be payable in the following manner:-

- (a) 10% equivalent to RM3,225,000 upon execution of the SPA; and
- (b) the balance 90% equivalent to RM29,025,000, subject to the adjustment as stated in Section 3.4 of this announcement, within 30 days from the date of fulfillment of the conditions precedent under the SPA.

### 3.6 Source of Funds

The Company intends to finance the Proposed NPSB Acquisition through its internal funds. The Company will not assume any liabilities arising from the Proposed NPSB Acquisition. The liabilities of NPSB shall remain in the books of the company and shall be settled in its ordinary course of business. As NPSB is already in operations, no additional financial commitment is expected to be required from RSB in putting the business operations of NPSB on-stream after the completion of the Proposed NPSB Acquisition.

### 3.7 Original Dates and Costs of Investment

The original dates and costs of investment of the Vendors in NPSB were as follows:-

<b>Shareholders</b>	<b>Dates of investment</b>	<b>No. of NPSB Shares</b>	<b>Original cost of investment RM</b>
PJP	17.07.2003	700,000	700,000
	19.11.2003	1,050,000	1,050,000
DN	02.03.2000	15,000	15,000
	04.01.2001	135,000	135,000
	19.11.2003	225,000	225,000

Brief information on the Vendors is out in Section 4 of this Announcement.

### 3.8 Salient Terms of the SPA

Some of the salient terms of the SPA for the Proposed NPSB Acquisition are as follows:-

(a) Payment Terms

The purchase consideration for the NPSB Shares shall be satisfied as follows:-

- (i) the deposit equivalent to RM3,225,000 shall be paid by the Company to the Vendors (in their respective proportions) upon the execution of the SPA, the receipt whereof is hereby acknowledged by the Vendors; and
- (ii) the balance purchase consideration shall be paid by the Company to the Vendors on the completion date by way of cheque or in such manner as may be mutually agreed upon by the parties.

(b) Conditions Precedent

The sale and purchase of the NPSB Shares shall be conditional upon the fulfillment of the following within the stipulated period:

- (i) the Company obtaining the letter of no objection of the Foreign Investment Committee for the Proposed NPSB Acquisition;
- (ii) the Company obtaining the approval of its shareholders in a general meeting for the Proposed NPSB Acquisition;
- (iii) if applicable, the Vendors procuring the approval/consent from its banks and financial institutions for the change in the shareholding structure and composition of the Board of Directors consequential to the Proposed NPSB Acquisition;



- (iv) the conduct of a financial and legal due diligence by the Company on NPSB, and its affairs, the results of which are determined by the Company in its sole and absolute discretion to be satisfactory; and
- (v) if required, the Vendors procuring any other approval or consent of any relevant authority.

The conditions precedent under the SPA are to be fulfilled within 3 months from the date of the SPA, or such extended period as may be mutually agreed by the parties in writing.

(c) Vendor's Warranties

- (i) The Vendors:-
  - (aa) give such warranties and representations to the Company as stipulated in Schedule 2 of the SPA in connection with NPSB, and the same shall be deemed to be as effective on the completion date as it is on the date thereof;
  - (bb) warrant that, save and except as previously disclosed to the Company in writing, the warranties and representations stipulated in Schedule 2 of the SPA are true and accurate in all respects, and, will continue to be so up to and including the completion date; and
  - (cc) warrant that the contents of any disclosure in writing and of all accompanying documents (if any) are true and accurate in all respects and fully, clearly and accurately disclose every matter to which they relate.
- (ii) The Vendors undertake, in relation to any warranty and representation stipulated in Schedule 2 of the SPA which refers to the knowledge, information or belief of the Vendors, that they have made careful enquiry into the subject matter of that warranty and representation and is to the best of the Vendors' knowledge true.
- (iii) Each of the warranties and representations stipulated in Schedule 2 of the SPA is without prejudice to any other warranty and representation and, except where expressly stated otherwise, no clause of the SPA shall govern or limit the extent or application of any other clause.
- (iv) The Vendors shall promptly disclose in writing to the Company any event or circumstance which arises or becomes known to them prior to the completion date and is inconsistent with any of the warranties and representations or the contents of any disclosure in writing or which the Vendors knew (or ought reasonably to have known) would have been material to be known by a purchaser for value of the NPSB Shares.

- (v) The rights and remedies of the Company in respect of any breach of the warranties and representations stipulated in Schedule 2 of the SPA shall not be affected by the completion of the sale and purchase transaction therein contained, by any investigation made by the Company or on its behalf into the affairs of NPSB, by its rescinding or failing to rescind the SPA, or failing to exercise or delaying the exercise of any right or remedy, or by any other event or matter, except a specific and duly authorised written waiver or release, and no single or partial exercise of any right or remedy shall preclude any further or other exercise.
- (vi) The Vendors shall procure that, except so far as may be necessary to give effect to the SPA, NPSB shall not, prior to the completion date, without the prior written consent of the Company, do, procure or allow anything which may cause, constitute or result in a breach of the warranties and representations stipulated in Schedule 2 of the SPA.

#### 4. INFORMATION ON THE VENDORS

##### 4.1 Details of PJP

PJP was incorporated in Malaysia on 20 August 1992 under the Act as a private limited company and the company is principally an investment holding company.

It has an authorised share capital of RM25,000,000 divided into 25,000,000 ordinary shares of RM1.00 each, of which 22,000,000 shares have been issued and fully paid-up.

Presently, the directors of PJP are TSTHK, and Tiong Kiong King.

The substantial shareholders of PJP and their shareholdings therein as at 30 September 2007 were as follows:-

Substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Biru Hijau Enterprise Sdn Bhd	1,800,000	8.18	-	-
TSTHK	2,000,000	9.09	<sup>(a)</sup> 13,088,000	59.49
Teck Sing Lik Enterprise Sdn Bhd ("TSL")	2,110,000	9.59	<sup>(b)</sup> 10,978,000	49.90
Dr Tiong Ik King	2,000,000	9.09	-	-
TTSH	9,978,000	45.35	-	-

Notes:-

(a) Deemed interested by virtue of his interests in TTSH, TSL and Tiong Toh Siong Enterprises Sdn Bhd ("TTSE") pursuant to Section 6A of the Act.

(b) Deemed interested by virtue of its interests in TTSH and TTSE pursuant to Section 6A of the Act.

## 4.2 Details of RHS

RHS was incorporated in Malaysia on 29 June 1999 under the Act as a private limited company and the company is principally an investment holding company.

It has an authorised share capital of RM500,000 divided into 500,000 ordinary shares of RM1.00 each, of which 210,000 shares have been issued and fully paid-up.

Presently, the directors of RHS are TSTHK and Datuk Tiong Thai King.

The substantial shareholders of RHS and their shareholdings therein as at 30 September 2007 were as follows:-

Substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Pertumbuhan Abadi Asia Sdn Bhd (“PAA”)	100,000	47.62	-	-
TTSE	100,000	47.62	-	-
TSTHK	10,000	4.76	<sup>(a)</sup> 200,000	95.24
TSL	-	-	<sup>(b)</sup> 100,000	47.62

Notes:-

(a) Deemed interested by virtue of his interests in PAA and TTSE pursuant to Section 6A of the Act.

(b) Deemed interested by virtue of its interest in TTSE pursuant to Section 6A of the Act.

## 4.3 Details of TTSH

TTSH was incorporated in Malaysia on 10 August 1983 under the Act as a private limited company. Its principal activities are renting of properties, investment holding and property development.

It has an authorised share capital of RM50,000,000 divided into 50,000,000 ordinary shares of RM1.00 each, of which 21,000,000 shares have been issued and fully paid-up.

Presently, the directors of TTSH are as follows:-

- (i) TSTHK;
- (ii) Datuk Tiong Thai King;
- (iii) Tiong Kiong King;
- (iv) Dr Tiong Ik King;
- (v) Tiong Choon; and
- (vi) Tiong Chiong Ie.

The substantial shareholders of TTSH and their shareholdings therein as at 30 September 2007 were as follows:-

Substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Priharta Development Sdn Bhd	2,830,000	13.48	-	-
TSTHK	2,143,000	10.20	<sup>(a)</sup> 3,457,000	16.46
TSL	3,257,000	15.51	-	-
Dr Tiong Ik King	2,830,000	13.48	-	-
Tiong Kiong King	2,830,000	13.48	-	-
Tiong Kiu King	1,570,000	7.47	-	-
Datuk Tiong Thai King	2,830,000	13.48	<sup>(c)</sup> 200,000	0.95
Tiong Chiong Ie	-	-	<sup>(b)</sup> 2,830,000	13.48
Tiong Jin Choo	-	-	<sup>(b)</sup> 2,830,000	13.48
Tiong Chiong Siong	-	-	<sup>(b)</sup> 2,830,000	13.48

Notes:-

- (a) Deemed interested by virtue of his interests in TSL and Rejang Healthcare Corporation Sdn Bhd pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of their interests in Priharta Development Sdn Bhd pursuant to Section 6A of the Act.
- (c) Deemed interested by virtue of his interest in Rejang Healthcare Corporation Sdn Bhd pursuant to Section 6A of the Act.

#### 4.4 Details of DN

DN was incorporated in Malaysia on 24 August 1999 under the Act as a private limited company. DN has yet to commence business operations since its incorporation.

It has an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each all of which have been issued and fully paid-up.

Presently, the directors of DN are TSTHK and Tiong Kiong King.

The substantial shareholders of DN and their shareholdings therein as at 30 September 2007 were as follows:-

Substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
PJP	100,000	100.00	-	-
TTSH	-	-	<sup>(a)</sup> 100,000	100.00
TSL	-	-	<sup>(b)</sup> 100,000	100.00
TSTHK	-	-	<sup>(c)</sup> 100,000	100.00

Notes:-

- (a) Deemed interested by virtue of its interest in PJP pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of its interests in TTSH and PJP pursuant to Section 6A of the Act.
- (c) Deemed interested by virtue of his interests in TSL, TTSH and PJP pursuant to Section 6A of the Act.

#### 4.5 Details of TUR

TUR was incorporated in Malaysia on 11 January 1996 under the Act as a private limited company and its principal activity is investment holding.

It has an authorised share capital of RM500,000 divided into 500,000 ordinary shares of RM1.00 each, of which 355,632 shares have been issued and fully paid-up.

Presently, the directors of TUR are Datuk Stephen Timothy Wan Ullok, Alexis Lawrence Marcel Wan Ullok and Yiap Liw Luan.

The substantial shareholders of TUR and their shareholdings therein as at 30 September 2007 were as follows:-

Substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Yiap Liw Luan	49,604	13.95	-	-
STWU Enterprises Sdn Bhd	297,501	83.65	-	-
Kelolong Holdings Sdn Bhd	-	-	(a)297,501	83.65
Alexis Lawrence Marcel Wan Ullok	-	-	(b)297,501	83.65
Audry Mariette Sylvie Wan Ullok	-	-	(b)297,501	83.65
Marie Julie Wan Ullok	-	-	(b)297,501	83.65
Stephanie Marie Wan Ullok	-	-	(b)297,501	83.65
Timothy Jean Michel Wan Ullok	-	-	(b)297,501	83.65

Note:-

- (a) Deemed interested by virtue of its interest in STWU Enterprises Sdn Bhd pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of their interests in Kelolong Holdings Sdn Bhd and STWU Enterprises Sdn Bhd pursuant to Section 6A of the Act.

#### 5. INFORMATION ON THE ESTATES

	Temala Estate	Nescaya Palma Estate
Size (Hectares)	2,811	4,100
Planted area (Hectares)	1,838	3,109
To be planted (Hectares)	856	691
Title	Provisional lease	Provisional lease
Location	Lot 2, Block 6, Telang Usang Land District, Sarawak	Lot 13, Buloh Land District, Sarawak
Tenure	Leasehold 99 years expiring on 10 November 2087, with unexpired term of about 80 years	Leasehold 60 years expiring on 12 March 2060, with unexpired term of about 53 years
Land usage	Agriculture purpose	Agriculture purpose
Type of estate	Palm oil estate	Palm oil estate
Maturity of trees	About 8-9 years of age	About 1-4 years of age
Market value#	RM48,786,628	RM79,391,163
Net book value*	RM21,895,349	RM40,895,637

# Based on valuation reports dated 15 August 2007 prepared by Henry Butcher Malaysia (Miri) Sdn Bhd, an independent registered valuer, using the discounted cash flow and comparison methods of valuation.

\* Based on the unaudited accounts of BTSB and NPSB respectively as at 31 July 2007.

Production of fresh fruit bunches of BTSB and NPSB for the past 5 calendar years from 2002 to 2006 are set out below.

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
	<b>Metric</b>	<b>Metric</b>	<b>Metric</b>	<b>Metric</b>	<b>Metric</b>
	<b>tonnes</b>	<b>tonnes</b>	<b>tonnes</b>	<b>tonnes</b>	<b>tonnes</b>
Temala Estate	*792	6,613	12,471	18,602	24,345
Nescaya Palma Estate	^	^	^	^301	1,707

\* Temala Estate only began producing fresh fruit bunches from September 2002.

^ Nescaya Palma Estate only began producing fresh fruit bunches from July 2005.

## **6. RATIONALE FOR THE PROPOSED ACQUISITIONS**

The Proposed Acquisitions are consistent with RSB's plans to continue to expand its oil palm cultivation business by acquiring new plantation land bank in Malaysia, particularly in Sarawak. This will enable RSB to leverage on the common infrastructures to reap economies of scale and operational synergies. The Proposed Acquisitions represent a strategic investment by RSB and are expected to contribute positively to the earnings as well as the shareholders' value of RSB and its subsidiaries ("RSB Group" or "Group") in the medium to long term.

After the Proposed Acquisitions, the total plantation land bank owned by the RSB Group would be increased from 13,663 hectares to 20,574 hectares, adding 6,911 hectares, of which 4,947 are already planted. With the expected improvement of oil palm production yield from the Temala Estate and Nescaya Palma Estate over the next few years, coupled with the strong crude palm oil ("CPO") prices, the RSB Group is expected to benefit from improving revenue and profit contributions from BTSB and NPSB.

## **7. INDUSTRY OUTLOOK, RISK FACTORS AND FUTURE PROSPECTS**

### **7.1 Industry Outlook**

The Malaysian oil palm industry recorded an impressive performance in 2006. Export earnings of oil palm products rose to a record RM31.8 billion, while palm oil stocks declined and prices formed up sharply especially during the last quarter of the year. The industry also saw exciting developments shaping up in the local biofuel industry with the Honourable Prime Minister launching the Envo Diesel (palm olein blend with diesel) and first integrated palm oil biodiesel plant using MPOB technology in March and August 2006 respectively.

The abolishment of the Tariff Rate Quota effective 1 January 2006 for vegetable oil coupled with the price competitiveness of palm oil against soya bean oil had a very significant impact on Malaysian palm oil exports into China. Higher demand for palm oil in the EU came from both the edible and non-edible sectors. The lower import duty on processed palm oil in line with AFTA Commitment was the contributing factor for increased exports to Vietnam. The higher import volume to the USA was driven by the new trans-fat labeling law which came into effect on 1 January 2006, while exports to Jordan increased mainly due to re-exports to the Iraqi market.

CPO prices have been gaining strength over the past few quarters. One reason is the biodiesel factor where CPO and palm olein is an important feedstock in its manufacture. In EU, the aim of biodiesel production is to substitute fossil fuel in the transport sector. Towards this, the European Biodiesel Board (EBB) welcomes the conclusion of the European summit on energy for EU to form an Energy Policy for Europe. This favours the EU biodiesel industry, which currently leads the world with a 7-million tonne annual capacity.

CPO price is expected to be bullish in the 2<sup>nd</sup> quarter of 2007. This scenario is based on several reasons, vis-à-vis reduction in duty for vegetable oils in India, expected increase of global demand for biodiesel and high price of soybean oil in the market.

Production of CPO is expected to show a marginal increase in the 2<sup>nd</sup> quarter of 2007. The forecast of average monthly production of CPO is 1.16 million tonne or an increase of about 9% as compared to the 1<sup>st</sup> quarter of 2007.

The reduction in Indian duty for vegetable oil as well as expected increase in global demand for biodiesel will continue to cause increases in the export of Malaysian palm oil products in the next quarter.

CPO production in 2007 is projected at 16.5 million tones, a small growth considering the impact of the recent floods in the affected oil palm areas and a possible El-Nino weather phenomenon occurring this year. Coupled with this and the projected higher growth in the world oils and fats demand against production, the outlook for palm oil prices in 2007 is expected to be positive.

*(Source: The MPOB website at [www.mpob.gov.my](http://www.mpob.gov.my)).*

Projection of higher world demand for vegetable oils and fats and palm-based biofuel industry as well as tight supply are expected to push CPO prices to higher levels. The average CPO price for the first seven months of 2007 registered an increase of 60.4% to RM2,266 per tonne as against RM1,413 per tonne in the corresponding period of 2006. The local delivered CPO price soared to an all-time high of RM2,886 per tonne in June 2007. The surge in the price of CPO was largely due to tight supply and increasing global demand for edible oils and biodiesel as well as increased prices of substitutes, particularly soya bean and rapeseed oils.

*(Source: Economic Report 2007/2008).*

The production of palm oil is expected to increase at an average rate of 5.5 per cent per annum with the expansion in planted area and higher oil extraction rate (“OER”), during the Plan (2006-2010) period.

To ensure quality control and high standards in oil palm plantations as well as improve productivity, efforts will be geared towards encouraging plantations to adopt international standards. In addition, to achieve Vision 35:25, a target of 35 metric tonnes of fresh fruit bunch (FFB) per hectare and 25 per cent OER, plantations will be encouraged to use quality oil palm seedlings.

During the Plan (2006-2010) period, the palm oil industry is expected to benefit from greater downstream product diversification. To accelerate the development of the palm oil downstream industry, palm oil industrial clusters (POICs) will be established in the transborder areas of Eastern Johor-Southern Pahang and Southern Kelantan-Northern Terengganu as well as Sabah and Sarawak. The POICs will act as a catalyst in creating the value chain of the palm oil industry as well as assist in the development of related supporting industries. Efforts will also be intensified to develop Malaysian brands of palm oil products, particularly in the oleochemicals derivatives industry, as well as build upon international networking to penetrate new markets.

*(Source: Ninth Malaysia Plan 2006-2010).*

## **7.2 Risk Factors**

### **(a) Business risks**

Pursuant to the Proposed Acquisitions, the RSB Group will continue to be subject to the risks inherent in the oil palm plantation industry. These include but not limited to the fluctuations in demand and commodity prices, weather conditions, pests and diseases, threat of substitutes for palm oil products, constraints of supply of labour and raw materials, rising costs of raw materials, potential native customary rights claims and changes in general economic, business and credit conditions. Although the Board and management of RSB would continuously take appropriate measures to limit such risks, no assurance can be given that any change to these factors will not have a material adverse effect on the business operations of the RSB Group.

### **(b) Competition**

As palm oil is a commodity, the direct competitions amongst the local plantation owners are expected to be minimal as the local industry players usually only compete for land and labour. Due to the scarcity of suitable land bank and the occasional shortage of labour forces, particularly foreign workers, the local industry players face challenges to counter rising production cost for palm oil. Generally, palm oil faces the stiffest competition from other edible or vegetable oils such as soybean, sunflower seed, rapeseed and other such substitutes for palm oil. In addition, palm oil producers also face competition from external players or other palm oil producing countries such as Indonesia.



(c) Fluctuations in crude palm oil prices

The prices of palm oil products such as crude palm oil and palm kernel fluctuate over time based on the demand and supply in global edible oils and fats market. The prices are highly susceptible to external market forces and changes in global demand and supply of other edible oils, which would correspondingly affect the prices of palm oil products, and such factors are really beyond the control of the Company.

### **7.3 Future Prospects**

As attested from the decision of the Board to undertake the Proposed Acquisitions, the cultivation of oil palm is and will continue to be the core business of the RSB Group and Board remains optimistic of the prospects of the RSB Group, backed by the continuing growth of the palm oil industry and the strong CPO prices.

## **8. EFFECTS OF THE PROPOSED ACQUISITIONS**

### **8.1 Share Capital and Substantial Shareholders' Shareholdings**

The Proposed Acquisitions will not have any effect on the issued and paid-up share capital of the Company as well as its substantial shareholders' shareholdings as they do not involve any issuance of new shares by the Company.

### **8.2 Net Assets ("NA") and Gearing**

The Proposed Acquisitions are not expected to have any material effects on the NA and gearing of the Group. However, as BTSB and NPSB are expected to contribute positively to the future earnings of the Group, the NA of the Group is also expected to improve in the medium to long term. The Proposed Acquisitions are also not expected to have any immediate effects on the NA per share as they do not involve any issuance of new shares by the Company.

### **8.3 Earnings**

For the financial year ending 31 August 2008, BTSB and NPSB are not expected to contribute significantly to the revenue and profits of the RSB Group.

With the expected improvement of oil palm production yield from the Temala Estate and Nescaya Palma Estate over the next few years, coupled with the strong CPO prices, the RSB Group is expected to benefit from improving revenue and profit contributions from BTSB and NPSB in the medium to long term.

Nonetheless, the Proposed Acquisitions are not expected to have any immediate effects on the earnings per share of RSB.

## **9. APPROVALS REQUIRED**

The Proposed Acquisitions, where RSB is concerned, are subject to and conditional upon the following:-

- (a) no objection from the Foreign Investment Committee (“FIC”);
- (b) approval of the shareholders of RSB, at an extraordinary general meeting (“EGM”) to be convened for the Proposed Acquisitions;
- (c) the conduct of a financial and legal due diligence by RSB on BTSB and NPSB; and
- (d) approvals from any other relevant authorities/parties, if required.

The Proposed BTSB Acquisition and the Proposed NPSB Acquisition are not inter-conditional upon each other.

## **10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save as disclosed below, none of the Directors and/or major shareholders of the Company or any person connected to them have any interest, whether direct or indirect, in the Proposed Acquisitions.

- (a) TSTHK is the Executive Chairman and a major shareholder of RSB. He is also a Director and substantial shareholder of BTSB, PJP, RSH, TTSH and DN. As such, he is deemed interested in the Proposed Acquisitions.
- (b) TTSH and TSL are major shareholders of RSB. They are deemed interested in the Proposed Acquisitions by virtue of their substantial equity interests in BTSB and NPSB.
- (c) PAA and TTSE are major shareholders of RSB. They are deemed interested in the Proposed Acquisitions by virtue of their substantial equity interests in RHS, which is one of the Vendors.
- (d) Tiong Kiong King, Tiong Chiong Ong and Tiong Chiong Ie are the Directors of RSB. They are deemed interested in the Proposed Acquisitions by virtue of their family relationships with TSTHK.

Accordingly, TSTHK, Tiong Kiong King, Tiong Chiong Ong and Tiong Chiong Ie have and will continue to abstain from voting and deliberating on the Proposed Acquisitions at all Board meetings of the Company. The abovementioned Directors and major shareholders will also abstain and have undertaken to ensure that any persons connected with them will abstain from voting on the resolutions pertaining to the Proposed Acquisitions to be tabled at an EGM (to be convened later), in respect of their direct and/or indirect shareholdings in RSB.

The shareholdings of the aforementioned interested Directors and major shareholders in RSB as at 8 October 2007 are as follows:-

	<-----Direct----->		<-----Indirect----->	
	No. of shares '000	%	No. of shares '000	%
TSTHK	300	0.23	<sup>(1)</sup> 68,376	53.31
TTSH	31,038	24.20	-	-
TSL	7,048	5.49	<sup>(2)</sup> 47,411	36.96
PAA	11,857	9.24	<sup>(3)</sup> 17,034	13.28
TTSE	1,300	1.01	<sup>(4)</sup> 15,073	11.75
Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSA")	15,073	11.75	-	-
Tiong Kiong King	814	0.63	<sup>(5)</sup> 3,027	2.36
Tiong Chiong Ong	478	0.37	-	-
Tiong Chiong Ie	300	0.23	<sup>(6)</sup> 2,466	1.92

Notes:-

1. Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA, RHSA, RHS and Rejang Healthcare Corporation Sdn Bhd pursuant to Section 6A of the Act.
2. Deemed interested by virtue of its interests in TTSH, TTSE and RHSA pursuant to Section 6A of the Act.
3. Deemed interested by virtue of its interests in RHSA and RHS pursuant to Section 6A of the Act.
4. Deemed interested by virtue of its interest in RHSA pursuant to Section 6A of the Act.
5. Deemed interested by virtue of his interest in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 6A of the Act.
6. Deemed interested by virtue of his interest in Prihartta Development Sdn Bhd pursuant to Section 6A of the Act.

## 11. DIRECTORS' STATEMENT

The Board (save for TSTHK, Tiong Kiong King, Tiong Chiong Ong and Tiong Chiong Ie), having taken into consideration all aspects of the Proposed Acquisitions, is of the opinion that the terms of the Proposed Acquisitions are fair and reasonable to and are in the best interest of the RSB Group.

## 12. ESTIMATED TIME FRAME FOR COMPLETION

The Proposed Acquisitions are expected to be completed by end of December 2007.

**13. ADVISER AND INDEPENDENT ADVISER**

MIMB has been appointed as Adviser to RSB for the Proposed Acquisitions.

In view that the Proposed Acquisitions are deemed related party transactions pursuant to paragraph 10.08 of the Listing Requirements of Bursa Securities, the Board has appointed Public Investment Bank Berhad (formerly known as PB Securities Sdn Bhd) as the independent adviser to comment as to whether the Proposed Acquisitions are fair and reasonable, whether they are to the detriment of the minority shareholders of RSB and whether the minority shareholders of RSB should vote in favour of the Proposed Acquisitions.

**14. COMPLIANCE WITH THE SECURITIES COMMISSION'S ("SC") POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES ("SC GUIDELINES")**

To the best knowledge of the Directors of RSB, the Proposed Acquisitions do not depart from the SC Guidelines.

**15. SUBMISSION TO THE RELEVANT AUTHORITIES**

The relevant application for the Proposed Acquisitions is expected to be made to the FIC within 1 month from the date of this announcement.

**16. DOCUMENTS FOR INSPECTION**

The SPAs and the Valuation Reports for Temala and Nescaya Palma Estates are available for inspection at the registered office of RSB at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak, during normal office hours from Monday to Friday (except for public holidays) for a period of at least three (3) months from the date of this announcement.

**This announcement is dated 12 October 2007.**