

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. The Notice of the Extraordinary General Meeting ("EGM") of Rimbunan Sawit Berhad to be convened at Function Room, 1st Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak on Monday, 22 August 2011 at 11.30 a.m., is enclosed in this Circular.

You are entitled to attend and vote at our EGM or to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and deposit the Form of Proxy at our Registered Office at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak, not later than 48 hours before the time set for our EGM (or any adjournment thereof). The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Bonus Issue, the Proposed IASC and Proposed Amendment (as defined herein) prior to the issuance of this Circular.



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

Company No. 691393-U
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 490,689,354 NEW ORDINARY SHARES OF RM0.50 EACH IN RIMBUNAN SAWIT BERHAD ("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")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Last day and time for lodging the Form of Proxy : Saturday, 20 August 2011 at 11.30 a.m.
Date and time of the Extraordinary General Meeting : Monday, 22 August 2011 at 11.30 a.m.

This Circular is dated 27 July 2011

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Acquisitions from SFS	: Acquisitions of the remaining 15% equity interests of Nescaya Palma Sdn Bhd, Novelpac-Puncakdana Plantation Sdn Bhd and Woodijaya Sdn Bhd not already owned by our Company from SFS for an aggregate purchase consideration of RM16.02 million, wholly satisfied via the issuance of 6,964,918 new Shares, which were completed on 30 May 2011
Act	: Companies Act, 1965
Board	: Board of Directors
Bonus Share(s)	: New Share(s) to be issued under the Proposed Bonus Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
Bursa Securities LR	: Main Market Listing Requirements of Bursa Securities
CIMB	: CIMB Investment Bank Berhad
Code	: Malaysian Code on Take-Overs And Mergers 2010
Company	: Rimbunan Sawit Berhad
CPO	: Crude palm oil
EGM	: Extraordinary general meeting
Entitled Shareholders	: Ordinary shareholders whose names appear in our Record of Depositors as at the Entitlement Date
Entitlement Date	: The date at the close of business to be determined by our Board and announced later, on which the shareholders of our Company must be registered in our Record of Depositors in order to be entitled to participate in the Proposed Rights Issue and/or the Proposed Bonus Issue, as the case may be
EPS	: Earnings per share
FFB	: Fresh fruit bunches
Group	: RSB and its subsidiaries, collectively
ICPS	: Irredeemable convertible preference share of RM0.50 each in RSB
Kendaie	: Kendaie Oil Palm Plantation Sdn Bhd
LPD	: 30 June 2011, being the latest practicable date prior to the printing of this Circular
MA	: Memorandum of Association

DEFINITIONS *(cont'd)*

Maximum Scenario	: Scenario assuming that all of the Entitled Shareholders and/or their renounee(s) subscribe in full for their Rights Shares entitlements under the Proposed Rights Issue
Minimum Scenario	: Scenario assuming that the Undertaking Shareholders subscribe to a total of 258,299,745 Rights Shares and none of the other Entitled Shareholders and/or their renounee(s) subscribe for the remaining Rights Shares entitlements under the Proposed Rights Issue
NA	: Net assets
Outstanding ICPS	: 193,972,857 ICPS of RM0.50 each in our Company which are outstanding as at the LPD
PAA	: Pertumbuhan Abadi Asia Sdn Bhd
PJP	: Pemandangan Jauh Plantation Sdn Bhd
Proposals	: Proposed Rights Issue, Proposed Bonus Issue, Proposed IASC and Proposed Amendment, collectively
Proposed Amendment	: Proposed amendment to the MA of our Company to reflect the consequence of the Proposed Rights Issue, Proposed Bonus Issue and Proposed IASC, as well as the additional Shares to be issued arising from the conversion of the Outstanding ICPS
Proposed Bonus Issue	: Proposed bonus issue of up to 654,252,472 new Shares, credited as fully paid-up, on the basis of 1 Bonus Share for every 1 Share held after the Proposed Rights Issue as at the Entitlement Date
Proposed IASC	: Proposed increase in the authorised share capital of RSB 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 new Shares
Proposed Rights Issue	: Proposed renouneeable rights issue of up to 490,689,354 Rights Shares on the basis of 3 Rights Shares for every 1 existing Share held as at the Entitlement Date, at an issue price to be determined and announced later
Record of Depositors	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RHS	: Rimbunan Hijau (Sarawak) Sdn Bhd
RHSA	: Rimbunan Hijau Southeast Asia Sdn Bhd
RHSB	: Rejang Healthcare Corporation Sdn Bhd
Rights Share(s)	: New Share(s) to be issued under the Proposed Rights Issue
RM and sen	: Ringgit Malaysia and Sen respectively
RSB	: Rimbunan Sawit Berhad
SFS	: State Financial Secretary of Sarawak
Share(s)	: Ordinary share(s) of RM0.50 each in RSB

DEFINITIONS *(cont'd)*

Tan Sri Tiong	:	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King
TEBP	:	Theoretical ex-bonus price
TERP	:	Theoretical ex-rights price
TSL	:	Teck Sing Lik Enterprise Sdn Bhd
TTSE	:	Tiong Toh Siong Enterprises Sdn Bhd
TTSH	:	Tiong Toh Siong Holdings Sdn Bhd
Undertakings	:	Irrevocable and unconditional written undertakings from the Undertaking Shareholders to subscribe in full or procure the subscription in full for their respective entitlements to the Rights Shares under the Proposed Rights Issue
Undertaking Shareholders	:	The corporate and individual shareholders set out in Section 7 of this Circular
VWAMP	:	Volume weighted average market price

All references to “**our Company**” in this Circular are to RSB, references to “**our Group**” are to our Company and our subsidiaries. All references to “**we**”, “**us**”, “**our**”, “**ourselves**”, or “**RSB**” in this Circular are to Rimbunan Sawit Berhad. All references to “**you**” in this Circular are to the shareholders of our Company.

Any discrepancies in the tables between the amounts listed and the totals in this Circular are due to rounding.

Words denoting the singular number only shall include the plural and also vice-versa and word denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice-versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to the time of day in this Circular is a reference to Malaysian time.

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ENCLOSED

FORM OF PROXY

ENCLOSED



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

No. 85 & 86, Pusat Suria Permata,
Jalan Upper Lanang 12A,
96000 Sibu,
Sarawak

27 July 2011

Board of Directors:

Tan Sri Datuk Sir 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: Our Shareholders

Dear Sir / Madam,

- (I) **PROPOSED RIGHTS ISSUE;**
- (II) **PROPOSED BONUS ISSUE;**
- (III) **PROPOSED IASC; AND**
- (IV) **PROPOSED AMENDMENT**

1. INTRODUCTION

1.1 On 27 May 2011, CIMB announced on our behalf that we propose to undertake the following proposals:

- (i) proposed renounceable rights issue of up to 490,689,354 Rights Shares on the basis of 3 Rights Shares for every 1 existing Share held on the Entitlement Date;
- (ii) proposed bonus issue of up to 654,252,472 Bonus Shares on the basis of 1 Bonus Share for every 1 Share held after the Proposed Rights Issue on the Entitlement Date;
- (iii) proposed increase in the authorised share capital of our 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; and

(iv) proposed amendment to the MA of our Company.

1.2 Bursa Securities has in its letter dated 8 July 2011 approved the listing of and quotation for the Rights Shares and Bonus Shares to be issued under the Proposed Rights Issue and the Proposed Bonus Issue as well as the new Shares to be issued arising from the adjustment to the conversion ratio of the ICPS, on the Main Market of Bursa Securities, subject to the following conditions:

- (i) our Company and CIMB must fully comply with the relevant provisions under the Bursa Securities LR pertaining to the implementation of the Proposed Rights Issue/Proposed Bonus Issue;
- (ii) our Company and CIMB to inform Bursa Securities upon the completion of the Proposed Rights Issue;
- (iii) our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue/Proposed Bonus Issue is completed;
- (iv) our Company and CIMB to provide Bursa Securities with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed Rights Issue/Proposed Bonus Issue; and
- (v) our Company and CIMB are required to make the relevant announcements pursuant to Paragraph 6.35(2)(a) & (b) and 6.35(4) of the Bursa Securities LR.

The aforesaid conditions will be complied with by our Company and/or CIMB in due course.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM IS ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

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 on the Entitlement Date.

As at the LPD, our Company has 193,972,857 Outstanding ICPS, which are convertible by holders into 193,972,857 new Shares. Nevertheless, all our ICPS holders, namely TTSH, TSL, PJP, Rejang Height Sdn Bhd and Ladang Hijau (Sarawak) Sdn Bhd have on 27 May 2011 provided irrevocable and unconditional written undertakings to our Company that they will not convert their respective ICPS held, prior to the Entitlement Date for the Proposed Bonus Issue.

Based on our issued and paid-up ordinary share capital as at the LPD of 163,563,118 Shares and assuming none of the Outstanding ICPS are converted as at the Entitlement Date, our Company will issue a maximum of 490,689,354 Rights Shares in the event all the Entitled Shareholders and/or their renounee(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. There will not be any fractional entitlements under the Proposed Rights Issue.

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 renounee(s) under the excess Rights Shares application. It is the intention of our Board to allocate the excess Rights Shares, if any, in a fair and equitable manner, and on a basis to be determined by our Board and announced later by our 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 our Board and announced at a later date ("**Price-Fixing Date**") after all approvals for the Proposed Rights Issue have been obtained but prior to 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 a discount of up to 50% to the TERP of the Shares based on the 5-day VWAMP of the Shares immediately preceding the Price-Fixing Date, but shall in no event be lower than the par value of the Shares of RM0.50 each.

2.1.2 Ranking of the Rights Shares

The Entitled Shareholders and/or their renounee(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 our then existing Shares.

2.1.3 Listing of the Rights Shares

We have on 8 July 2011 obtained the approval from Bursa Securities for the listing of and quotation for the Rights Shares to be issued under the Proposed Rights Issue on the Main Market of Bursa Securities, subject to the conditions as stated in Section 1.2 of this Circular.

2.1.4 Entitled Shareholders with foreign addresses

An abridged prospectus, together with accompanying documents which will be issued in connection with the Proposed Rights Issue are not and will not be issued to comply with the laws of any jurisdiction other than Malaysia, and have not and will not be lodged, registered or approved under any applicable securities legislation of any foreign jurisdiction. Accordingly, the Proposed Rights Issue will not be offered for subscription in any country or jurisdiction other than Malaysia.

The abridged prospectus and its accompanying documents or any other documents relating to the Proposed Rights Issue will only be sent to our Entitled Shareholders who have a registered address or an address for service in Malaysia. Shareholders who do not have a registered address in Malaysia ("**Foreign-Addressed Shareholders**") and who wish to provide Malaysian addresses should inform their respective stockbrokers as well as our Share Registrar, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia (Tel: 03-7841 8000) to effect the change of address. Such notification should be done prior to the Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from our Share Registrar, in which event, our Share Registrar shall be entitled to request for such evidence as it may deem necessary to satisfy itself as to the identity and authority of the person collecting the abridged prospectus.

A Foreign-Addressed Shareholder of our Company may only exercise his/her rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so, and our Company and/or CIMB would not, in connection with the Proposed Rights Issue, be in breach of the laws of any jurisdiction which the shareholder of our Company might be subject to. The Foreign-Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign applicant for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company, and/or our Share Registrar, and/or CIMB in respect of their rights or entitlement under the Proposed Rights Issue. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue. Foreign-Addressed Shareholders of our Company shall be solely responsible to seek advice as to the laws of any jurisdiction which they are subject to, and the participation by a Foreign-Addressed Shareholder of our Company in the Proposed Rights Issue shall be on the basis of a warranty by the Foreign-Addressed Shareholder that he may lawfully so participate without our Company and/or CIMB being in breach of the laws of any jurisdiction.

Neither we nor CIMB or any other adviser of our Company in respect of the Proposed Rights Issue shall accept any responsibility or liability in the event that any acceptance of a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

2.1.5 Shareholders' Undertakings

The Undertaking Shareholders have on 27 May 2011 provided irrevocable and unconditional written undertakings to subscribe in full or procure the subscription in full for their respective entitlements to the Rights Shares.

As at the LPD, 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. 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.

There is no minimum subscription required for the Proposed Rights Issue to proceed. As such, there will not be any underwriting for purposes of the Proposed Rights Issue. Nevertheless, the Undertaking Shareholders have provided their undertakings, details of which are set out in Section 7 of this Circular.

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 Share held by our Entitled Shareholders after the Proposed Rights Issue on the Entitlement Date.

The actual number of Bonus Shares to be issued can only be determined after the Proposed Rights Issue on the Entitlement Date, 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 that all the Entitled Shareholders and/or their renounee(s) fully subscribe for their Rights Shares entitlements under the Maximum Scenario, the Proposed Bonus Issue will involve the issuance of 654,252,472 Bonus Shares.

However, assuming the subscription of a total of 258,299,745 Rights Shares by the Undertaking Shareholders only under the Minimum Scenario, the Proposed Bonus Issue will involve the issuance of 421,862,863 Bonus Shares.

There will not be any fractional entitlements under the Proposed Bonus Issue.

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 Issue shall be capitalised wholly from our 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 our Company's latest audited financial statements for the financial period ended 31 December 2010, the share premium balance at both Group and Company level, adjusted for the Acquisitions from SFS and the Proposed Rights Issue, are as follows:

	Minimum Scenario		Maximum Scenario	
	Company	Group	Company	Group
RM 000				
Share premium as at 31 December 2010	183,908	183,908	183,908	183,908
Arising from the 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 an assumed 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.

Messrs. Crowe Horwath, the Reporting Accountants for the Proposed Rights Issue and Proposed Bonus Issue, have in their letter dated 16 June 2011 as set out in Appendix I of this Circular, confirmed that based on our audited share premium for the financial period ended 31 December 2010 and after taking into consideration the proforma effects of the Acquisitions from SFS and the Proposed Rights Issue as illustrated above, our Company will have sufficient reserves to be capitalised for the Proposed Bonus Issue.

Our Board also confirms that based on the latest audited financial statements for the financial period ended 31 December 2010 and after taking into consideration the proforma effects of the Acquisitions from SFS and the Proposed Rights Issue, the available reserves of our 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 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 our then existing Shares.

2.2.3 Listing of the Bonus Shares

We have on 8 July 2011 obtained the approval from Bursa Securities for the listing of and quotation for the Bonus Shares to be issued under the Proposed Bonus Issue on the Main Market of Bursa Securities, subject to the conditions as stated in Section 1.2 of this Circular.

2.3 Proposed IASC

As at the LPD, our authorised share capital is RM500,000,000 comprising 700,000,000 Shares and 300,000,000 ICPS, of which RM178,767,987.50 comprising 163,563,118 Shares and 193,972,857 ICPS have been issued and are fully paid-up.

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 our Company arising from the conversion of the Outstanding ICPS, our Board proposes to increase the authorised share capital of our 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 MA of our Company 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 CODE

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

Under the Minimum Scenario, assuming only the Undertaking Shareholders subscribe in full for 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 our Company. In such an event, TTSH will be obliged to extend a mandatory take-over offer for all the remaining Shares not owned by TTSH and persons acting in concert with it after the Proposed Rights Issue ("MGO") 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, including undertaking the MGO should it incur an obligation to do so under the Code.

Please refer to Section 8.2 of this Circular for the effects on the substantial shareholders' shareholdings in our Company arising from the Proposals.

4. UTILISATION OF PROCEEDS OF THE PROPOSED RIGHTS ISSUE

Assuming an issue price of RM0.80 per Rights Share (provided for illustration only based on an assumed discount to the TERP of the Shares), the total gross proceeds that are expected to be raised arising from the Proposed Rights Issue and the intended utilisation are set out below:

	Expected timeframe for utilisation	Minimum Scenario	Maximum Scenario
		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 acceptance level of 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 our Group.

⁽¹⁾ The total borrowings of our Group as at the LPD amounted to RM437.3 million. After due consideration of our Group's funding and working capital requirements, our Board intends to allocate approximately 75% of the proceeds raised from the Proposed Rights Issue under the Minimum Scenario and Maximum Scenario respectively to pare down our existing borrowings (including interest payable) of up to RM296.2 million. Based on the average interest rate incurred by our Group 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⁾ *Our 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. The breakdown of proceeds to be used for each component of working capital has not been determined at this juncture and will depend on the operating and funding requirements of our Group. The actual utilisation by each component of working capital may therefore differ subject to our operating requirements and the time of utilisation. In addition, we may also use the available proceeds for the acquisition of plantation assets (further to the acquisitions set out in Section 14 of this Circular) if such opportunities arise, with the view to maximise shareholder value in the future. However, as at the LPD, our Company has not identified any particular assets for acquisition. Any decision to acquire plantation assets in the future would take into account our Group's working capital requirements prevailing at that time.*

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 our 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 us 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 our Group's capital structure by strengthening our statement of financial position and reducing our current gearing level. The repayment of some of our Group's existing borrowings will also enable us to benefit from interest cost savings;
- (iii) to enable us to raise funds through the offering of an equity instrument to our ordinary shareholders on a pro-rata basis, which allows all our ordinary shareholders to participate in the Proposed Rights Issue;
- (iv) to provide our ordinary shareholders 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 our Shares on the Main Market of Bursa Securities.

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

5.2 Proposed Bonus Issue

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

5.3 Proposed IASC

The Proposed IASC is to accommodate the increase in our 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 our 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. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

Our Group is principally involved in the cultivation of oil palm in Sarawak, Malaysia. As such, our prospects and risk factors are inherently linked to the performance of the palm oil industry in Malaysia as well as the general health of Malaysia's economy.

6.1 Overview of the Malaysian economy

The Malaysian economy registered a growth rate of 4.6% in the first quarter of 2011 (4Q 2010: 4.8%). The expansion in domestic demand was supported by higher private sector spending, while external demand also recorded a stronger growth during the quarter, mainly as a result of regional demand for commodities and non electrical and electronic products. On the supply side, all major economic sectors, except the primary commodity sector, continued to expand during the quarter, albeit at a more moderate pace.

The global economic recovery continued to strengthen in the first quarter of the year. Growth however continues to be highly uneven. More recently, several developments in the global economic environment and the international financial system have highlighted the fragility of global growth. However, in the event of higher commodity prices being sustained over an extended period, the escalation of fiscal conditions in the advanced economies and possible global supply disruptions following the developments in Japan, the downside risks to growth may increase. The growth prospects in the emerging economies continue to remain positive. These economies however are confronted with increasing challenges from rising inflationary pressures and continued large and volatile capital flows.

The sustained expansion in the first quarter underscores the steady pace of growth of the Malaysian economy, underpinned by the continued expansion of domestic demand amid improving external demand arising from higher commodity exports and stronger regional demand. Going forward, growth is expected to be sustained. Growth in private consumption will continue to be firm, given the favourable employment conditions and income growth, while private investment is expected to strengthen further amid an improving outlook for the domestic economy and the further expansion of new growth industries. Being a highly open economy however, the domestic economy may be affected by developments in the global environment. Nevertheless, Malaysia's strong economic fundamentals and policy flexibility have increased its resilience and improved its ability to manage these challenges.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2011, Bank Negara Malaysia, 18 May 2011)

The Malaysian economy is projected to expand between 5.0% to 6.0% in 2011 (2010: 7.0%), mainly driven by domestic demand and supported by a favourable external sector. Private investment activity, which turned positive in 2010, is envisaged to contribute significantly to economic growth. This is in line with the expected commencement of 52 Private Finance Initiatives over the 10th Malaysia Plan period as well as the implementation of private sector projects under the National Key Economic Areas. Private consumption is expected to strengthen in view of low unemployment and increasing disposable household income. Growth prospects are also premised on firm prices of major commodities which will spur rural household spending in 2011.

(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)

6.2 Overview and prospects of the Malaysian palm oil industry

The Malaysian oil palm industry recorded mixed performance in 2010. Lower CPO production and higher exports pushed palm oil stocks down to 1.62 million tonnes. Tight vegetable oil supplies and high crude oil prices during the year pushed palm oil price from a comfortable level of RM2,500 in the first half of the year to more than RM3,000 towards the end of the year. Export earnings from oil palm products reached RM59.77 billion, an increase of 20.4% from RM49.66 billion recorded the previous year.

CPO production dropped by 3.3% to 16.99 million tonnes from 17.56 million tonnes in 2009. Peninsular Malaysia and Sabah both registered declines of 6.1% and 2.5% to 9.5 million tonnes and 5.3 million tonnes respectively. Sarawak's CPO production however increased by 9.3% to 2.2 million tonnes. The average FFB yield fell 6.1% to 18.03 tonnes per hectare while oil extraction rate ("OER") was 20.45%, lower by 0.2% compared to 20.45% in 2009. Unusual weather patterns of hot and dry conditions from El Nino phenomena in the first half of the year and excessive rainfalls from La Nina phenomena in the second half had affected the FFB yield and OER which in turn contributed to the lower CPO production. Heavy rainfall and floods especially towards end of the year had affected harvesting activity. Peninsular Malaysia was the worst affected with average FFB yields declining by 7.5%, followed by Sabah 4.7% and Sarawak 2.6%.

Replanting done under the Oil Palm Intensive Replanting Scheme (SITS) which took place in 2009 and 2010 also had an impact on the CPO production. In 2009 and 2010, a total of 207,754 hectares of old palm trees had been felled for replanting. This would reduce an estimated 350,000 to 400,000 tonnes of CPO production in 2010. In line with the drop of CPO production, palm kernel production and crude palm kernel oil production also declined by 4.6% to 4.29 million tonnes and 3.9% to 2.01 million tonnes respectively.

CPO prices traded at RM2,549.50 per tonne during the first half of the year, supported by positive sentiments related to supply tightness of vegetable oils in the world market and low domestic palm oil stocks. Subsequently, during the second-half of the year, bullish market sentiments supported by firmer crude oil price, coupled with world vegetable oils supply tightness, especially that of palm oil and soyabean oil supported positive price sentiments. This resulted in the increase of second half of the year average CPO price to RM2,837.50 per tonne level. The average CPO price in 2010 increased by 20.8% or RM464.50 to RM2,701.00 against RM2,236.50 in the previous year. Palm oil prices traded wider during the year, with the highest monthly average CPO price recorded in December at RM3,620.00 and the lowest attained in July at RM2,453.00.

(Source: Overview of the Malaysian Oil Palm Industry 2010, Malaysian Palm Oil Board, 12 January 2011)

Management expects palm oil prices to remain buoyant in the coming year with increasing demand from India and China, coupled with an increase in the usage of palm oil as food products in view of the escalating food prices globally. Further, any downside to CPO prices could be cushioned by tight global edible oil supplies and poor weather in key planting areas such as the United States of America, Europe and China. Management also believes the Malaysian Government's focus on agriculture activities during the 10th Malaysia Plan period, including in palm oil activities will continue to spur growth of the sector.

(Source: Management)

6.3 Prospects of our Group

Our Group presently has an estimated total gross land bank of 90,862 hectares in Sarawak, Malaysia. We are capable of producing up to 436,436 tonnes of FFB a year, while our average FFB yield per hectare is approximately 14 tonnes. Management believes that the existing profile of our plantation estates, where about 70% of our estates are planted with young palms aged 10 years and below will contribute to a higher FFB yield per hectare within the next 1 to 5 years as the oil palm trees attain maturity. Further, only 44,501 hectares or approximately 65% of our Group's total plantable land bank of 68,046 hectares is planted, providing us the prospect of future income arising from the development of 23,545 hectares of remaining plantable land. Our Group continues to review strategies to improve the efficiency and productivity, of our existing oil palms. In addition, Management reviews on an on-going basis our Groups annual plantation programme and has earmarked the remaining plantable land for gradual development to support organic growth for the next 3 years or so. Our Group intends to continue investing in new landbanks, plantation developments and strategic acquisitions aimed at enlarging our plantation operations and placing our Group in a position to realise future potential and attain sustainable growth.

Our Group is in the process of completing the acquisition of an additional 15% equity interest of PJP Pelita Biawak Plantation Sdn Bhd ("**Pelita Biawak**") ("**Proposed Pelita Biawak Acquisition**") and the acquisition of 4,857 hectares of oil palm plantation in Niah, Sarawak ("**Proposed Land Acquisition**"). Further details of the Proposed Pelita Biawak Acquisition and Proposed Land Acquisition are set out in Section 14 of this Circular.

The Proposed Pelita Biawak Acquisition will enable our Group to consolidate further the future earnings from the plantation estates held by Pelita Biawak, whilst the Proposed Land Acquisition will increase the mature area of our Group's plantation land bank.

Upon the expected completion of the Proposed Pelita Biawak Acquisition and Proposed Land Acquisition by the fourth quarter of 2011, our Board believes our Group will be on a stronger footing in its quest to become a major player in the oil palm cultivation business in Malaysia.

(Source: Management)

7. SHAREHOLDERS' UNDERTAKINGS

Our Company has on 27 May 2011 obtained the Undertakings from certain shareholders to subscribe in full or procure the subscription in full for their respective entitlements to the Rights Shares.

As at the LPD, 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 our Company, as set out below:

Undertaking Shareholders	Shareholdings as at the LPD		Rights Shares entitled under the Proposed Rights Issue	
	No. of Shares	%	No. of Rights Shares	**%
TTSH	35,124,394	21.47	105,373,182	21.47
RHSA	15,073,100	9.22	45,219,300	9.22
PJP	12,264,221	7.50	36,792,663	7.50
TSL	11,134,300	6.81	33,402,900	6.81
PAA	10,903,600	6.67	32,710,800	6.67
TTSE	1,300,300	0.79	3,900,900	0.79
Tan Sri Tiong	300,000	0.18	900,000	0.18
Total	86,099,915	52.64	258,299,745	52.64

Note:

* Based on the issuance of 490,689,354 Rights Shares under the Maximum Scenario.

The Undertaking Shareholders have confirmed, and CIMB has verified, that they have sufficient financial resources to take up their respective entitlements for the Rights Shares under the Proposed Rights Issue.

8. 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 NA and gearing, consolidated earnings and EPS and convertible securities of our Company.

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

- Minimum Scenario** - Assuming that the Undertaking Shareholders subscribe to a total of 258,299,745 Rights Shares and none of the other Entitled Shareholders and/or their renounee(s) subscribe for the remaining Rights Shares entitlements under the Proposed Rights Issue.
- Maximum Scenario** - Assuming that all of the Entitled Shareholders and/or their renounee(s) subscribe in full for their Rights Shares entitlements under the Proposed Rights Issue.

8.1 Issued and paid-up ordinary share capital

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

	<u>Minimum Scenario</u>		<u>Maximum Scenario</u>	
	<u>No. of Shares</u>	<u>RM</u>	<u>No. of Shares</u>	<u>RM</u>
Issued and paid-up share capital as at the LPD	163,563,118	81,781,559.00	163,563,118	81,781,559.00
To be issued pursuant to the Proposed Rights Issue	<u>258,299,745</u>	<u>129,149,872.50</u>	<u>490,689,354</u>	<u>245,344,677.00</u>
	421,862,863	210,931,431.50	654,252,472	327,126,236.00
To be issued pursuant to the Proposed Bonus Issue	<u>421,862,863</u>	<u>210,931,431.50</u>	<u>654,252,472</u>	<u>327,126,236.00</u>
Enlarged issued and paid-up ordinary share capital	<u>843,725,726</u>	<u>421,862,863.00</u>	<u>1,308,504,944</u>	<u>654,252,472.00</u>

8.2 Substantial shareholders' shareholdings

The proforma effects of the Proposed Rights Issue and Proposed Bonus Issue on the shareholdings of our substantial shareholders (based on our Register of Substantial Shareholders as at the LPD) are set out below:

Minimum Scenario

	As at the LPD			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	%	No. of Shares	%	No. of Shares	%		
TTSH	35,124,394	21.47	12,264,221 ⁽¹⁾	7.50	140,497,576	33.30	49,056,884 ⁽¹⁾	11.63	280,995,152	33.30	98,113,768 ⁽¹⁾	11.63
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	56,852,007 ⁽²⁾	34.76	44,537,200	10.56	211,345,389 ⁽²⁾	50.10	89,074,400	10.56	422,690,778 ⁽²⁾	50.10
PAA	10,903,600	6.67	22,388,113 ⁽³⁾	13.69	43,614,400	10.34	67,607,413 ⁽³⁾	16.03	87,228,800	10.34	135,214,826 ⁽³⁾	16.03
TTSE	1,300,300	0.79	20,427,313 ⁽⁴⁾	12.49	5,201,200	1.23	65,646,613 ⁽⁴⁾	15.56	10,402,400	1.23	131,293,226 ⁽⁴⁾	15.56
Tan Sri Tiong	300,000	0.18	93,214,928 ⁽⁵⁾	56.99	1,200,000	0.28	350,614,673 ⁽⁵⁾	83.11	2,400,000	0.28	701,229,346 ⁽⁵⁾	83.11
SFS	9,504,284	5.81	-	-	9,504,284	2.25	-	-	19,008,568	2.25	-	-

Maximum Scenario

	As at the LPD			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	%	No. of Shares	%	No. of Shares	%		
TTSH	35,124,394	21.47	12,264,221 ⁽¹⁾	7.50	140,497,576	21.47	49,056,884 ⁽¹⁾	7.50	280,995,152	21.47	98,113,768 ⁽¹⁾	7.50
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	56,852,007 ⁽²⁾	34.76	44,537,200	6.81	227,408,028 ⁽²⁾	34.76	89,074,400	6.81	454,816,056 ⁽²⁾	34.76
PAA	10,903,600	6.67	22,388,113 ⁽³⁾	13.69	43,614,400	6.67	89,552,452 ⁽³⁾	13.69	87,228,800	6.67	179,104,904 ⁽³⁾	13.69
TTSE	1,300,300	0.79	20,427,313 ⁽⁴⁾	12.49	5,201,200	0.79	81,709,252 ⁽⁴⁾	12.49	10,402,400	0.79	163,418,504 ⁽⁴⁾	12.49
Tan Sri Tiong	300,000	0.18	93,214,928 ⁽⁵⁾	56.99	1,200,000	0.18	372,859,712 ⁽⁵⁾	56.99	2,400,000	0.18	745,719,424 ⁽⁵⁾	56.99
SFS	9,504,284	5.81	-	-	38,017,136	5.81	-	-	76,034,272	5.81	-	-

Notes:

- (1) *Deemed interest through shareholdings in PJP.*
- (2) *Deemed interest through shareholdings in TTSH, TTSE, RHSA and Kendaia.*
- (3) *Deemed interest through shareholdings in RHSA, RHS and Kendaia.*
- (4) *Deemed interest through shareholdings in RHSA and Kendaia.*
- (5) *Deemed interest through shareholdings in TTSH, TSL, TTSE, PAA, RHSA, RHS, RHSB, Kendaia 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 renounee(s) subscribe for the remaining Rights Shares, the collective equity interest of the Undertaking Shareholders in our Company will increase to approximately 81.64% of our enlarged issued and paid-up ordinary share capital after the Proposed Rights Issue. In such an event, our 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, our Company will announce to Bursa Securities accordingly the status of the public shareholding spread as required under the Bursa Securities LR, prior to listing of the Rights Shares. In addition, 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 our 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.

8.3 NA and gearing

The proforma effects of the Proposed Rights Issue and Proposed Bonus Issue on the NA and gearing of our Group, based on our 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 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 ordinary 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:

- ⁽¹⁾ Based on an assumed 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.

8.4 Earnings and EPS

The Proposed Rights Issue and Proposed Bonus Issue are not expected to have any material effect on the earnings of our 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 our Group remain unchanged, the EPS of our Company 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 our Group for the ensuing financial years, when the benefits from the utilisation of proceeds are realised.

8.5 Convertible securities

As at the LPD, there are 193,972,857 Outstanding ICPS in our 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 our 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). In this regard, we have (in consultation with our auditors) determined that the conversion ratio of the Outstanding ICPS will be adjusted as a result of the Proposals. Such adjustments shall become effective on the next market day following the respective Entitlement Dates.

We set out below, for illustrative purposes, the method of adjustment to the conversion ratio (assuming the Maximum Scenario) which we have adopted in consultation with our auditors, for your information:

(i) Adjusted conversion ratio from the Proposed Rights Issue

Adjusted conversion ratio = Existing conversion ratio multiplied by the following fraction:

$$\frac{C}{MP_r}$$

where:

C = RM2.16, being the 5-day VWAMP of each Share on the market day immediately preceding the date on which the Proposals are publicly announced to Bursa Securities; and

MP_r = RM1.14, being the TERP after the Proposed Rights Issue, under the Maximum Scenario.

Computation:

$$\begin{aligned} \frac{C}{MP_r} &= \frac{2.16}{1.14} \\ &= 1.89 \end{aligned}$$

$$\begin{aligned} \text{Adjusted conversion ratio} &= 1 \times 1.89 \\ &= 1.89 \end{aligned}$$

(ii) Adjusted conversion ratio from the Proposed Bonus Issue

$$\text{Adjusted conversion ratio} = \text{Existing conversion ratio multiplied by the following fraction:}$$

$$\frac{C}{MP_b}$$

where:

$$\begin{aligned} C &= \text{as C above; and} \\ MP_b &= \text{RM1.08, being the TEBP after the Proposed Bonus Issue.} \end{aligned}$$

Computation:

$$\begin{aligned} \frac{C}{MP_b} &= \frac{2.16}{1.08} \\ &= 2 \end{aligned}$$

$$\begin{aligned} \text{Adjusted conversion ratio} &= 1 \times 2 \\ &= 2 \end{aligned}$$

(iii) Adjusted conversion ratio from the Proposals

$$\begin{aligned} \text{Adjusted conversion ratio} &= \text{Adjusted conversion ratio from the Proposed Rights Issue multiplied by the adjusted conversion ratio from the Proposed Bonus Issue} \\ &= 1.89 \times 2 \\ &= 3.78 \end{aligned}$$

Accordingly, the 193,972,857 Outstanding ICPS in our Company will be convertible into 628,472,056 new Shares under the Minimum Scenario (based on an adjusted conversion ratio of 3.24) and 733,217,399 new Shares under the Maximum Scenario (based on an adjusted conversion ratio of 3.78) as a result of the Proposals.

Save for the said adjustment, the rights and obligations of our ICPS holders and the other provisions of our Articles of Association relating to the ICPS will remain unchanged.

Given that the adjusted conversion ratio will result in additional new Shares to be issued upon conversion of the ICPS, our Company will be required to ensure that adequate reserves are available for the conversion of the Outstanding ICPS. In this connection:

- (i) our Board and Management shall take all necessary steps to manage the reserves of our Company including, but not limited to, undertaking a revaluation of our Group's oil palm plantation assets and/or the retention of our Group's profits to ensure that there are adequate reserves available for the allotment and issue of additional new Shares arising from the conversion of the ICPS, during the term of the ICPS and including at maturity; and

- (ii) our Board takes note that the ICPS holders (and their transferees, if any) will not convert the ICPS held by them respectively in the event that there are inadequate reserves in our Company for the allotment and issue of additional new Shares arising from any intended conversion of ICPS.

As at the LPD, save for the Outstanding ICPS, our Company does not have any other convertible securities.

9. HISTORICAL SHARE PRICES

The following table sets out the monthly high and low prices of the Shares as traded on Bursa Securities for the last 12 months preceding the date of this Circular:

	<u>High</u>	<u>Low</u>
	<u>RM</u>	<u>RM</u>
2010		
July	1.50	1.41
August	1.57	1.41
September	1.51	1.40
October	2.04	1.43
November	2.03	1.63
December	2.07	1.65
2011		
January	2.49	2.08
February	2.40	2.15
March	2.23	2.00
April	2.20	2.08
May	2.41	2.00
June	2.68	2.24
Last transacted price of the Shares on 26 May 2011, being the day prior to the date of announcement of the Proposals on 27 May 2011		2.16
Last transacted price of the Shares on the LPD		2.41

(Source: Bloomberg)

10. 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 as well as the new Shares to be issued arising from the adjustment to the conversion ratio of the ICPS, on the Main Market of Bursa Securities, which was obtained in its letter dated 8 July 2011, subject to the conditions set out in Section 1.2 of this Circular;
- (ii) our shareholders at our forthcoming EGM in relation to the Proposals; and
- (iii) any other relevant regulatory authorities or parties.

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.

For implementation purposes, the Proposed Bonus Issue will be carried out upon completion of the Proposed Rights Issue.

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

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of our Directors and/or major shareholders 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 our Company, for which all existing ordinary shareholders of our Company are also entitled to, including the right to apply for excess Rights Shares.

12. DIRECTORS' RECOMMENDATION

Our Directors, having considered the current and prospective financial position as well as the capacity of our Company and after careful deliberation and taking into consideration the rationale and justifications for the Proposals as set out in Section 5 of this Circular, are of the opinion that the Proposals are in the best interest of our Group. Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals at our forthcoming EGM.

13. ESTIMATED TIMETABLE AND TIMEFRAME FOR COMPLETION

The tentative timetable in relation to the Proposals is set out below:

Events	Tentative timing
Approval of our shareholders for the Proposals	End August 2011
Announcement of issue price for the Rights Shares	End August 2011
Announcement of the Entitlement Date for the Proposed Rights Issue	End August 2011
Entitlement Date for the Proposed Rights Issue	Mid September 2011
Despatch abridged prospectus to Entitled Shareholders of RSB	Mid September 2011
Closing date for application for the Proposed Rights Issue	End September 2011
Listing of and quotation for the Rights Shares	Mid October 2011
Announcement of the Entitlement Date for the Proposed Bonus Issue	Mid October 2011
Entitlement Date for the Proposed Bonus Issue	End October 2011
Listing of and quotation for the Bonus Shares	End October 2011

Barring any unforeseen circumstances, the Proposals are expected to be completed by the fourth quarter of the calendar year 2011.

14. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and those which are set out below, there are no other outstanding corporate proposals by our Company which has been announced but pending completion as at the LPD:

- (i) On 19 January 2011, we announced that we have entered into 2 separate share sale agreements with a non-related party, Lembaga Amanah Kebajikan Masjid Negeri Sarawak, for the following:
 - (a) acquisition of 601,735 ordinary shares of RM1.00 each, representing 15% of the issued and paid-up capital of PJP Pelita Biawak Plantation Sdn Bhd for a total cash consideration of RM12,700,326, which would increase our shareholdings in the company from 70% to 85%; and
 - (b) disposal of 1,680,000 ordinary shares of RM1.00 each, representing 21% of the issued and paid-up capital of Lubuk Tiara Sdn Bhd for a total cash consideration of RM13,100,723. Upon completion of the disposal, Lubuk Tiara Sdn Bhd shall cease to be our subsidiary.
- (ii) On 11 February 2011, we announced that our subsidiary, R.H. Plantation Sdn Bhd has entered into a memorandum with Sheba Resources Sendirian Berhad establishing the intention for the acquisition of 4,857 hectares of oil palm plantation in Niah, Sarawak for a total cash consideration of RM118 million. A conditional sale and purchase agreement was subsequently entered into by the parties on 3 June 2011.

The abovementioned corporate proposals are expected to be completed by the fourth quarter of the calendar year 2011.

15. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Function Room, 1st Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak on Monday, 22 August 2011 at 11.30 a.m., for the purpose of considering and, if thought fit, passing the relevant resolutions pertaining to the Proposals.

If you are unable to attend and vote in person at the EGM, you should complete and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at our Registered Office at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak not later than 48 hours before the time fixed for holding the EGM (or any adjournment thereof). The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

You are requested to refer to the appendices for further information.

Yours faithfully
for and on behalf of the Board of Directors
RIMBUNAN SAWIT BERHAD

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King
Executive Chairman

LETTER FROM THE REPORTING ACCOUNTANTS ON ADEQUACY OF RESERVES



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

16 June 2011

Sibu Office
1st Floor, No. 1, Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibu, Sarawak, Malaysia
Main +6 084 211 777
Fax +6 084 216 622
www.crowehorwath.com.my
info@crowehorwath.com.my

The Board of Directors
Rimbunan Sawit Berhad
No. 85 & 86, Pusat Suria Permata
Jalan Upper Lanang 12A
96000 Sibu, Sarawak

Dear Sirs

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

CAPITALISATION OF SHARE PREMIUM OF RSB FOR THE PURPOSE OF THE PROPOSED BONUS ISSUE OF UP TO 654,252,472 NEW ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD AFTER THE PROPOSED RIGHTS ISSUE, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER

The Company is proposing to implement the following:-

- (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 three (3) Rights Shares for every one (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 one (1) Bonus Share for every one (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”).

The above is collectively referred to as the “Proposals”.

We have been requested to confirm whether the Company has sufficient reserves for the purpose of capitalisation for the Proposed Bonus Issue. In this regard, we have reviewed the proforma statements of adequacy of reserves of RSB at both the group level and the company level as at 31 December 2010, which have been prepared by the management for inclusion in the Circular to Shareholders in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

Offices in Malaysia:

Bintulu • Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Miri • Muar • Penang • Sibu

DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is solely responsible for the preparation of the proforma statements of adequacy of reserves as at 31 December 2010 in accordance with the Listing Requirements. The directors are also responsible for ensuring that the reserves required for capitalisation of the Bonus Shares in respect of the Proposed Bonus Issue are unimpaired by subsequent losses on a consolidated basis, if any, up to the date of the Proposed Bonus Issue.

OUR RESPONSIBILITIES

We report on the proforma statements of adequacy of reserves of RSB as at 31 December 2010 set out in Appendix I, which we have stamped for the purpose of identification, in accordance with International Standard on Assurance Engagements ("ISAE") 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

The proforma statements of adequacy of reserves as at 31 December 2010 have been prepared for illustrative purposes only on the basis of assumptions set out in the notes thereon and after making certain adjustments to show the total amount of share premium of RSB as at 31 December 2010, had the Proposed Bonus Issue been effected on that date.

Our work has been undertaken to enable us to form an opinion, as required by the Listing Requirements, as to the adequacy of the Company's proforma reserves at both the group level and the company level as at 31 December 2010 for capitalisation of the Bonus Shares in respect of the Proposed Bonus Issue based on the audited financial statements for the financial period ended 31 December 2010; and to report that opinion to you.

While information may be available to support the assumptions on which the proforma statements of adequacy of reserves are based, such information may not, because of its nature, give a true picture of the actual financial position of RSB. Further, such information does not purport to predict the future financial position of RSB. Consequently, we do not express any opinion as to the possibility of achievement of the assumed events.

In providing this opinion, we are not responsible for updating any reports or opinions previously issued by us for any events that occurred subsequent to the date of our report on the financial information used in the preparation of the proforma statements of adequacy of reserves as at 31 December 2010.

2/-

Offices in Malaysia:

Bintulu • Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Miri • Muar • Penang • Sibu

OPINION

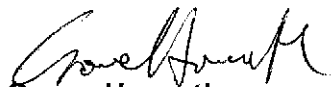
In our opinion:-

- (a) the proforma statements of adequacy of reserves as at 31 December 2010 have been properly compiled on the basis of the computations and assumptions set out in Appendix I; and
- (b) based on the proforma statements of adequacy of reserves as at 31 December 2010, RSB would have adequate reserves for the purpose of capitalisation for the Proposed Bonus Issue.

OTHER MATTERS

This letter has been prepared at your request and is exclusively for your use for inclusion in the Circular of Shareholders for the Proposals. As such, it should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to you or any other party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



Crowe Horwath
Firm No: AF 1018
Chartered Accountants



Lau Kiing Yiing
Approval No: 1326/09/12(J)
Chartered Accountant

3/-

**RIMBUNAN SAWIT BERHAD (“RSB” OR “THE COMPANY”)
PROFORMA STATEMENTS OF ADEQUACY OF RESERVES**

The following proforma statements of adequacy of reserves of RSB as at 31 December 2010 together with the notes thereon, for which the directors are solely responsible, have been prepared for illustrative purposes only in connection with the Proposals, as defined below:-

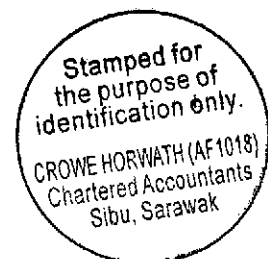
- (i) proposed renounceable rights issue of up to 490,689,354 new ordinary shares of RM0.50 each in RSB (“Rights Shares”) on the basis of three (3) Rights Shares for every one (1) existing ordinary share of RM0.50 each held in RSB (“Share”) (“Proposed Rights Issue);
- (ii) proposed bonus issue of up to 654,252,472 new Shares (“Bonus Shares”) on the basis of one (1) Bonus Share for every one (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”).

The above is collectively referred to as the “Proposals”.

For implementation purposes, the Proposed Rights Issue is expected to be completed before the implementation of the Proposed Bonus Issue.

The proforma statements of adequacy of reserves of RSB have been prepared based on the following two scenarios:-

- (i) Minimum scenario : Assuming that the Undertaking Shareholders (being the identified shareholders who 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) will subscribe to a total of 258,299,745 Rights Shares and none of the other entitled shareholders and/or their renounee(s) subscribe for the remaining Rights Shares entitlements under the Proposed Rights Issue
- (ii) Maximum scenario : Assuming that all the entitled shareholders and/or their renounee(s) will subscribe in full for their Rights Shares entitlements under the Proposed Rights Issue



APPENDIX I

**RIMBUNAN SAWIT BERHAD ("RSB" OR "THE COMPANY")
PROFORMA STATEMENTS OF ADEQUACY OF RESERVES (CONT'D)**

The Proposed Bonus Issue shall be capitalised wholly from the Company's share premium account. Based on the Company's audited financial statements for the financial period ended 31 December 2010, the effects of the Proposed Bonus Issue on the reserves of RSB are as follows:-

Group Level	< ----- Minimum Scenario ----- >			< ----- Maximum Scenario ----- >			
	Share Premium RM'000	Retained Profits RM'000	Merger Reserves RM'000	Share Premium RM'000	Retained Profits RM'000	Merger Reserves RM'000	Total RM'000
Audited as at 31 December 2010	183,908	112,520	(44,631)	183,908	112,520	(44,631)	251,798
Arising from the Proposed Acquisitions ⁽¹⁾	12,536	(2,317)	(8,434)	12,536	(2,317)	(8,434)	1,784
Arising from the Proposed Rights Issue ⁽²⁾	77,490	-	-	147,207	-	-	147,207
Amount to be capitalised for the Proposed Bonus Issue	(210,931)	-	-	(327,126)	-	-	(327,126)
Estimated expenses for the Proposals	(1,500)	-	-	(1,500)	-	-	(1,500)
Balance after the Proposed Bonus Issue	61,503	110,203	(53,065)	15,025	110,203	(53,065)	72,163



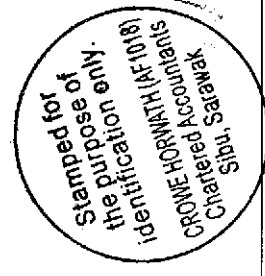
**RIMBUNAN SAWIT BERHAD ("RSB" OR "THE COMPANY")
PROFORMA STATEMENTS OF ADEQUACY OF RESERVES (CONT'D)**

The Proposed Bonus Issue shall be capitalised wholly from the Company's share premium account. Based on the Company's audited financial statements for the financial period ended 31 December 2010, the effects of the Proposed Bonus Issue on the reserves of RSB are as follows (cont'd):-

Company Level	< ----- Minimum Scenario ----- >		< ----- Maximum Scenario ----- >		
	Share Premium RM'000	Retained Profits RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
Audited as at 31 December 2010	183,908	85,768	183,908	85,768	269,676
Arising from the Proposed Acquisitions ⁽¹⁾	12,536	-	12,536	-	12,536
Arising from the Proposed Rights Issue ⁽²⁾	77,490	-	147,207	-	147,207
Amount to be capitalised for the Proposed Bonus Issue	(210,931)	-	(327,126)	-	(327,126)
Estimated expenses for the Proposals	(1,500)	-	(1,500)	-	(1,500)
Balance after the Proposed Bonus Issue	61,503	85,768	15,025	85,768	100,793

Notes:-

- (1) Being the Proposed Acquisitions of the remaining 15% equity interests in Nescaya Palma Sdn Bhd, Novelpac-Puncakdana Plantation Sdn Bhd and Woodjaya Sdn Bhd not already held by the Company from the State Financial Secretary of Sarawak, for an aggregate purchase consideration of RM16.02 million wholly satisfied via the issuance of 6,964,918 new Shares, which were completed on 30 May 2011.
- (2) Based on the assumed illustrative issue price of RM0.80 per Rights Share.



ADDITIONAL INFORMATION**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Directors who collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

2. DECLARATIONS OF CONFLICT OF INTEREST AND CONSENTS**(i) CIMB**

CIMB, being named as the Principal Adviser to our Company for the Proposed Rights Issue and Proposed Bonus Issue has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and manner in which they appear in this Circular.

CIMB is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser to our Company for the Proposed Rights Issue and Proposed Bonus Issue.

(ii) Messrs. Crowe Horwath

Messrs. Crowe Horwath, being the Reporting Accountants for the Proposed Rights Issue and Proposed Bonus Issue, have given and have not subsequently withdrawn their written consent to the inclusion in this Circular of their name and all references thereto in the form and manner in which it appears in this Circular.

Messrs. Crowe Horwath are not aware of any conflict of interest which exists or is likely to exist in their capacity as Reporting Accountants for the Proposed Rights Issue and Proposed Bonus Issue.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither we nor our subsidiaries are involved in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Directors do not have any knowledge of any proceeding, pending or threatened, against our Group or any facts likely to give rise to any proceeding which might materially and adversely affect the position of our Group.

4. CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS**4.1 Contingent liabilities**

As at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial results/position of our Group.

4.2 Material commitments

Save as mentioned in Section 14 of the Circular and as disclosed below, as at the LPD, our Directors are not aware of any material capital commitment contracted or known to be contracted by our Group which, upon becoming enforceable, may have a material impact on the financial results/position of our Group:

	<u>RM 000</u>
Authorised and contracted for	6,527
Authorised but not contracted for	<u>-</u>
	<u>6,527</u>

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at our registered office between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited consolidated financial statements for the financial year/period ended 31 August 2009 and 31 December 2010;
- (iii) Our unaudited consolidated financial statements for the 3-month financial period ended 31 March 2011; and
- (iv) The consent letters referred to in section 2 of this Appendix.



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

Company No. 691393-U
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Rimbunan Sawit Berhad (“RSB” or “Company”) will be held at Function Room, 1st Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak on Monday, 22 August 2011 at 11.30 a.m., for the purpose of considering and if thought fit, passing with or without modifications as shall be determined upon at such meeting, the following resolutions:

ORDINARY RESOLUTION 1

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”)

“**THAT**, subject to the passing of Special Resolution 1 and Ordinary Resolution 3, and all relevant approvals being obtained, approval be and is hereby given to the Board of Directors (“**Board**”), to allot (whether provisionally or otherwise) and issue by way of a renounceable rights issue of up to 490,689,354 Rights Shares at an issue price to be determined later by the Board, on the basis of 3 Rights Shares for every 1 existing Share held to the ordinary shareholders of RSB, whose names appear in the Record of Depositors of the Company as at the close of business on a date to be determined by the Board as they may deem expedient and to be announced by the Company;

THAT such Rights Shares shall, upon issue and allotment, rank equally in all respects with the then existing Shares of the Company;

THAT the Board be and is hereby authorised to make available Rights Shares which are not taken up or validly taken up for excess applications in such manner as the Board shall determine in a fair and equitable manner;

THAT approval be and is hereby given for the proceeds of the Proposed Rights Issue to be utilised by the Company for the purposes as set out in Section 4 of the Circular to shareholders of the Company dated 27 July 2011, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company;

THAT subject to all relevant approvals being obtained, approval be and is hereby given to the Board to allot and issue such number of new Shares (“**Additional Shares**”) to holders of the irredeemable convertible preference shares of RM0.50 each in the Company (“**ICPS**”) arising from the adjustment to the conversion ratio of the ICPS following the completion of the Proposed Rights Issue, in accordance with the Articles of Association of the Company, and that such Additional Shares so issued and allotted shall rank equally in all respects with the then existing Shares of the Company;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Rights Issue, with full powers to assent to or make any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Rights Issue and in the best interest of the Company.”

ORDINARY RESOLUTION 2

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")

"**THAT**, subject to the passing of Special Resolution 1 and Ordinary Resolution 3, and all relevant approvals being obtained, approval be and is hereby given to the Board to capitalise up to RM327,126,236 out of the share premium account of the Company, and to apply the same for the purposes of issuing up to 654,252,472 Bonus Shares of RM0.50 each in the share capital of the company credited as fully paid-up to be issued on the basis of 1 Bonus Share for every 1 Share held after the Proposed Rights Issue by the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on a date to be determined by the Board as they may deem expedient and to be announced by the Company;

THAT such Bonus Shares shall, upon issue and allotment, rank equally in all respects with the then existing Shares of the Company;

THAT subject to all relevant approvals being obtained, approval be and is hereby given to the Board to allot and issue such Additional Shares to holders of the ICPS arising from the adjustment to the conversion ratio of the ICPS following the completion of the Proposed Bonus Issue, in accordance with the Articles of Association of the Company, and that such Additional Shares so issued and allotted shall rank equally in all respects with the then existing Shares of the Company;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Bonus Issue, with full powers to assent to or make any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Bonus Issue and in the best interest of the Company."

ORDINARY RESOLUTION 3

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")

"**THAT**, subject to the passing of Special Resolution 1 and in accordance with Article 47 of the Company's Articles of Association, the authorised share capital of the Company be increased 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 new Shares;

AND THAT in consequence thereof, the Memorandum of Association of the Company and all other documents be amended accordingly;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed IASC, with full powers to assent to or make any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed IASC and in the best interest of the Company."

SPECIAL RESOLUTION 1

PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF RSB ("PROPOSED AMENDMENT")

"THAT subject to the passing of Ordinary Resolution 3, the Memorandum of Association of the Company ("MA") be amended as follows:

<u>Existing Clause 6 of MA</u>	<u>Amended Clause 6 of MA</u>
<p>"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."</p>	<p>"The share capital of the Company is <u>RM1,250,000,000.00</u> divided into <u>2,200,000,000.00</u> 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."</p>

AND THAT the Board be and is hereby authorised to give effect to the Proposed Amendment with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Amendment."

BY ORDER OF THE BOARD

Toh Ka Soon (MAICSA 7031153)
Voon Jan Moi (MAICSA 7021367)
Joint Company Secretaries

Sibu
27 July 2011

Notes:

- ⁽¹⁾ A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- ⁽²⁾ To be valid, this form, duly completed must be deposited at the registered office of the Company at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- ⁽³⁾ A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
- ⁽⁴⁾ Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- ⁽⁵⁾ If the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.



Rimbunan Sawit
RIMBUNAN SAWIT BERHAD

Company No. 691393-U
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

Number of ordinary shares held	
--------------------------------	--

*I/We

(*NRIC/Company No.) of

..... (full address) being a *member/members of

RIMBUNAN SAWIT BERHAD hereby appoint

(NRIC No.) of

(full address) or failing *him/her, (NRIC No.) of

..... (full address)

or Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Function Room, 1st Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak on Monday, 22 August 2011 at 11.30 a.m. and, at any adjournment thereof for/against* the resolution(s) to be proposed thereat.

ORDINARY RESOLUTION:			FOR	AGAINST
1.	-	PROPOSED RIGHTS ISSUE		
2.	-	PROPOSED BONUS ISSUE		
3.	-	PROPOSED IASC		
SPECIAL RESOLUTION:			FOR	AGAINST
1.	-	PROPOSED AMENDMENT		

[Please indicate with a (X) in the space above how you wish your vote to be cast. If no specific direction as to voting is indicated, the proxy will vote or abstain as he/she thinks fit.]

* Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit.)

Dated this day of 2011

.....
Signature/common seal of shareholder(s)

Notes:

- (1) A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- (2) To be valid, this form, duly completed must be deposited at the registered office of the Company at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (3) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
- (4) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (5) If the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Joint Company Secretaries

RIMBUNAN SAWIT BERHAD
No. 85 & 86, Pusat Suria Permata
Jalan Upper Lanang 12A
96000 Sibu, Sarawak
Malaysia

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