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IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Registration No. 200501014346 (691393-U))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF RIMBUNAN SAWIT BERHAD PURSUANT TO SECTION 117 OF THE COMPANIES ACT, 2016 ("PROPOSED CAPITAL REDUCTION")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



Maybank Investment Bank Berhad
(Co. Reg. No.: 197301002412)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The special resolution pertaining to the Proposed Capital Reduction will be tabled at the extraordinary general meeting ("**EGM**") of Rimbunan Sawit Berhad ("**RSB**" or "**Company**") which will be held at Level 2, North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000, Sibu, Sarawak on Monday, 12 October 2020 at 11.00 a.m. or any adjournment thereof. The Notice of EGM and the Proxy Form are enclosed in this Circular which have also been published on the websites of Bursa Securities (<http://www.bursamalaysia.com>) and RSB (<http://www.rsb.com.my/home.html>).

The Proxy Form should be lodged at the registered office of RSB at North Wing, Menara Rimbunan Hijau, 101 Pusat Suria Permata Jalan Upper Lanang, 96000 Sibu, Sarawak not less than 48 hours before the time set for holding the EGM or any adjournment thereof, after which the Proxy Form shall not be treated as valid. The lodgement of the Proxy Form shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time to lodge the Proxy Form : Saturday, 10 October 2020 at 11.00 a.m.

Date and time of the EGM : Monday, 12 October 2020 at 11.00 a.m.

This Circular is dated 17 September 2020

DEFINITIONS

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

Act	:	Companies Act, 2016
Announcement	:	The announcement of the Proposal Capital Reduction dated 25 August 2020
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	:	This Circular to our shareholders in relation to the Proposed Capital Reduction dated 17 September 2020
CPO	:	Crude palm oil
Directors	:	Directors of our Company
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
FFB	:	Fresh fruit bunches
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
ICPS	:	Irredeemable convertible preference shares of our Company which was issued on 1 October 2010 and will expire on 30 September 2020 with a conversion ratio of 1 ICPS : 3.78 RSB Shares
ICPS Holders	:	(i) Permandangan Jauh Plantation Sdn Bhd (Registration No. 199201015713 (247217-W)); (ii) Rejang Height Sdn Bhd (Registration No. 199401040243 (325930-H)); (iii) Ladang Hijau (Sarawak) Sdn Bhd (Registration No. 198501005035 (137475-X)); (iv) Teck Sing Lik Enterprise Sdn Bhd (Registration No. 198001004067 (57850 - M)); and (v) Tiong Toh Siong Holdings Sdn Bhd (Registration No. 198301009901 (105159 - U)), collectively
LAT	:	Loss after tax
LPD	:	28 August 2020, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (Cont'd)

Licence	:	Licence for Planted Forests No. LPF/0035 for planted forest granted by the Director of Forests to Rejang Height Sdn Bhd, being one of our related parties, in 2004 which allows the licensee to establish, develop and maintain the Simunjan Estate for a period of 60 years expiring on 21 March 2064 in the manner as specified in the tree planting plan therein and to harvest the same, and undertake oil palm planting activities for a period of 25 years expiring on 21 March 2029, after which the Simunjan Estate must be planted with trees other than oil palm
Lundu Land	:	A parcel of land measuring approximately 67.5 hectares (which currently forms part of Parent Lot 248 Block 4 Stungkor Land District) in Lundu, Kuching division, Sarawak
Lundu Oil Mill	:	The oil palm mill constructed and erected on the Lundu Land which our subsidiary, RSB Lundu Palm Oil Mill Sdn Bhd, acquired in 2018
Maximum Scenario	:	Based on the sum of the total number of RSB Shares in issue as at the LPD of 1,418,487,551 and assuming full conversion of all outstanding ICPS into 623,234,792 new RSB Shares prior to the effective date of the Proposed Capital Reduction, resulting in the total number of RSB Shares in issue of 2,041,722,343
Maybank IB	:	Maybank Investment Bank Berhad (Co. Reg. No.: 197301002412)
Minimum Scenario	:	Based on the sum of the total number of RSB Shares in issue as at the LPD of 1,418,487,551 and assuming no issuance of new RSB Shares prior to the effective date of the Proposed Capital Reduction
MT	:	Metric tonne
NA	:	Net assets
PK	:	Palm kernel
Proposed Capital Reduction	:	Proposed reduction of our issued share capital pursuant to Section 117 of the Act
RSB or Company	:	Rimbunan Sawit Berhad (Registration No. 200501014346 (691393-U))
RSB Group or Group	:	RSB and its subsidiaries, collectively
RSB Shares	:	Ordinary shares of RSB
Simunjan Estate	:	A gross licenced area of 15,017 hectares located within the Samarahan and Sri Aman divisions in Sarawak under the Licence currently used as an oil palm plantation
Currency		
RM and sen	:	Ringgit Malaysia and sen

DEFINITIONS *(Cont'd)*

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

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to any enactment, law, act, rules or regulations in this Circular is a reference to that enactment, law, act, rules or regulations as amended or re-enacted from time to time.

Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the tables between the amounts listed, actual figures and the totals thereof in this Circular are due to rounding.

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NOTICE OF EGM **ENCLOSED**

PROXY FORM **ENCLOSED**



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Registration No. 200501014346 (691393-U))
(Incorporated in Malaysia)

Registered Office:

North Wing, Menara Rimbunan
Hijau, 101, Pusat Suria Permata,
Jalan Upper Lanang,
96000 Sibu
Sarawak

17 September 2020

Board of Directors:

Tiong Chiong Ie (*Non-Independent Non-Executive Director / Chairman*)

Tiong Kiong King (*Executive Director / Vice Chairman*)

Tiong Chiong Ong (*Executive Director*)

Bong Wei Leong (*Independent Director*)

Tiong Ing Ming (*Independent Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

On 25 August 2020, Maybank IB had, on behalf of our Board, announced that we propose to undertake the Proposed Capital Reduction.

For avoidance of doubt, the Proposed Capital Reduction will not result in:

- (i) any adjustment to the share price of RSB Shares;
- (ii) any change in the total number of RSB Shares in issue or the number of RSB Shares held by our shareholders;
- (iii) any payment to our shareholders; and
- (iv) any outflow of cash or change in the NA of our Group, save for the estimated expenses relating to the Proposed Capital Reduction to be incurred.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED CAPITAL REDUCTION AND TO SEEK YOUR APPROVAL FOR THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

THE NOTICE OF EGM AND THE PROXY FORM ARE ALSO PUBLISHED ON THE WEBSITES OF BURSA SECURITIES AND RSB.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction entails the reduction of the issued share capital of our Company via the cancellation of our Company's paid-up share capital which is lost or unrepresented by available assets of RM192,528,933 pursuant to Section 117 of the Act. The corresponding credit of RM192,528,933 arising from the Proposed Capital Reduction will be used to set-off against our Company's accumulated losses while the remaining balance, if any, will be credited to the retained earnings of our Company which shall be used in a manner to be determined by our Board at a later date and in the best interest of our Company as permitted by the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Securities.

As at the LPD, the issued share capital of our Company is RM807,129,190 comprising 1,418,487,551 RSB Shares and 164,876,929 ICPS.

For illustrative purposes only, the effects of the Proposed Capital Reduction on the accumulated losses of our Company and our Group based on the latest audited consolidated statement of financial position of our Company as at 31 December 2019 and the latest available unaudited consolidated statement of financial position of our Company as at 30 June 2020 are as follows:

	Company level		Group level	
	Unaudited as at 30 June 2020	Audited as at 31 December 2019	Unaudited as at 30 June 2020	Audited as at 31 December 2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Accumulated losses	(189,683)	(192,529)	(326,048)	(320,347)
Add: Credit arising from the Proposed Capital Reduction	192,529	192,529	192,529	192,529
Less: Estimated expenses relating to the Proposed Capital Reduction	(85)	(85)	(85)	(85)
Resultant (accumulated losses) / retained earnings	2,761	(85)	(133,604)	(127,903)

Subject to and subsequent to the approval of the Proposed Capital Reduction by our shareholders at the forthcoming EGM, the Proposed Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act.

3. RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction will enable our Company to eliminate our accumulated losses to reflect more accurately the value of the underlying assets and our financial position. The Proposed Capital Reduction will also enhance our ability to pay dividends out of our retained earnings in the future.

4. EFFECTS OF THE PROPOSED CAPITAL REDUCTION

4.1 Group structure and substantial shareholders' shareholding

The Proposed Capital Reduction will not have any effect on our group structure and substantial shareholders' shareholding in our Company.

4.2 Share capital

The pro forma effect of the Proposed Capital Reduction on our share capital is as follows:

	Minimum Scenario		Maximum Scenario	
	No.	RM	No.	RM
As at the LPD:		807,129,190		807,129,190
RSB Shares	1,418,487,551	-	1,418,487,551	-
ICPS	164,876,929	-	-	-
New RSB Shares to be issued assuming full conversion of all outstanding ICPS	-	-	623,234,792	-
To be cancelled pursuant to the Proposed Capital Reduction	-	(192,528,933)	-	(192,528,933)
After the Proposed Capital Reduction	-	614,600,257	2,041,722,343	614,600,257

4.3 NA and gearing

The proforma effects of the Proposed Capital Reduction on the NA and gearing of our Group based on the audited consolidated statement of financial position of our Company as at 31 December 2019 on the assumption that the Proposed Capital Reduction had been effected on that date are as follows:

Minimum Scenario	Audited as at 31 December 2019	After the Proposed Capital Reduction
	(RM'000)	(RM'000)
Share capital	807,129	614,600
Reserves		
- Merger reserve	(53,066)	(53,066)
- Accumulated losses	(320,347)	(127,903) ⁽¹⁾
Equity attributable to owners of the Company	433,716	433,631
Non-controlling interests	(11,215)	(11,215)
Total equity	422,501	422,416
No. of shares in issue ⁽²⁾	1,583,364,480	1,583,364,480
Total borrowings	506,947	506,947
NA per share ⁽³⁾ (RM)	0.27	0.27
Gearing ⁽⁴⁾ (times)	1.17	1.17

Notes:

- (1) After deducting the estimated expenses relating to the Proposed Capital Reduction of RM85,000.
- (2) Comprising 1,418,487,551 RSB Shares and 164,876,929 ICPS.
- (3) Calculated as equity attributable to owners of the Company divided by the total number of RSB Shares and ICPS in issue.
- (4) Calculated as total borrowings divided by equity attributable to owners of the Company.

Maximum Scenario			
	Audited as at 31 December 2019 (RM '000)	(I) Assuming full conversion of all outstanding ICPS (RM '000)	(II) After (I) and the Proposed Capital Reduction (RM '000)
Share capital	807,129	807,129	614,600
Reserves			
- Merger reserve	(53,066)	(53,066)	(53,066)
- Accumulated losses	(320,347)	(320,347)	(127,903) ⁽¹⁾
Equity attributable to owners of the Company	433,716	433,716	433,631
Non-controlling interests	(11,215)	(11,215)	(11,215)
Total equity	422,501	422,501	422,416
No. of shares in issue	1,583,364,480 ⁽⁵⁾	2,041,722,343 ⁽²⁾	2,041,722,343 ⁽²⁾
Total borrowings	506,947	506,947	506,947
NA per share ⁽³⁾ (RM)	0.27	0.21	0.21
Gearing ⁽⁴⁾ (times)	1.17	1.17	1.17

Notes:

- (1) After deducting the estimated expenses relating to the Proposed Capital Reduction of RM85,000.
- (2) Comprising 1,418,487,551 RSB Shares and 623,234,792 new RSB Shares to be issued assuming full conversion of all outstanding ICPS.
- (3) Calculated as equity attributable to owners of the Company divided by the total number of RSB Shares and ICPS in issue.
- (4) Calculated as total borrowings divided by equity attributable to owners of the Company.
- (5) Comprising 1,418,487,551 RSB Shares and 164,876,929 ICPS

4.4 Earnings and EPS

The Proposed Capital Reduction will not have any material effect on the consolidated earnings and EPS of our Group for the FYE 31 December 2020.

4.5 Convertible securities

Save for the 164,876,929 outstanding ICPS which will be converted into 623,234,792 new RSB Shares upon maturity, we do not have any other convertible securities as at the LPD.

5. HISTORICAL SHARE PRICES

The monthly high and low market prices of RSB Shares for the past 12 months up to July 2020 are as follows:

	High (RM)	Low (RM)
2019		
August	0.18	0.15
September	0.15	0.13
October	0.14	0.12
November	0.21	0.14
December	0.45	0.22
2020		
January	0.43	0.28
February	0.33	0.24
March	0.28	0.12
April	0.23	0.17
May	0.31	0.21
June	0.34	0.26
July	0.33	0.28

(Source: Bloomberg)

Last transacted market price on 24 August 2020 (being the last market day prior to the Announcement) was RM0.30 per RSB Share.

Last transacted market price on 27 August 2020 (being the last market day prior to the LPD) was RM0.28 per RSB Share.

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Capital Reduction is subject to the following approvals being obtained:

- (i) our shareholders at the forthcoming EGM; and
- (ii) any other relevant parties / authorities, if required.

For avoidance of doubt, the approval of the ICPS Holders is not required for the Proposed Capital Reduction as the ICPS will expire on 30 September 2020.

The Proposed Capital Reduction is not conditional upon any other corporate exercise or scheme of our Company.

7. INTERESTS OF OUR DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of our Directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Capital Reduction.

8. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the acquisition of the Lundu Land by our subsidiary, RSB Lundu Palm Oil Mill Sdn Bhd (“**Lundu Acquisition**”), the full details of which was set out in our circular dated 10 July 2017 and the Proposed Capital Reduction, there is no other corporate exercise or scheme which has been announced by our Company but not yet completed as at the LPD.

The status of the Lundu Acquisition as at the LPD is set out in Section 5(i), Appendix II of this Circular. The Proposed Capital Reduction is not conditional upon the Lundu Acquisition.

9. DIRECTORS’ RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Capital Reduction including but not limited to the rationale and effects of the Proposed Capital Reduction, is of the opinion that the Proposed Capital Reduction is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the special resolution pertaining to the Proposed Capital Reduction to be tabled at the forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Capital Reduction is expected to be completed by the fourth (4th) quarter of 2020.

The tentative timetable in relation to the Proposed Capital Reduction is as follows:

Tentative timing	Event
12 October 2020	EGM
November / December 2020	Submission and lodgement of documents to the Registrar of Companies for the Proposed Capital Reduction
December 2020	Completion of the Proposed Capital Reduction

11. EGM

Our EGM, the notice of which is set out in this Circular, will be held at Level 2, North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000, Sibul, Sarawak on Monday, 12 October 2020 at 11.00 a.m., for the purpose of considering and if thought fit, passing the special resolution to give effect to the Proposed Capital Reduction.

If you are unable to attend, speak and vote in person at the forthcoming EGM, you should complete, sign and return the Proxy Form enclosed in accordance with the instructions provided thereon so as to arrive at our registered office at North Wing, Menara Rimbunan Hijau, 101 Pusat Suria Permata Jalan Upper Lanang, 96000 Sibul, Sarawak not less than 48 hours before the time set for holding our EGM or any adjournment thereof.

The lodgement of the Proxy Form will not, however, preclude you from attending our EGM and voting in person should you subsequently wish to do so.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
RIMBUNAN SAWIT BERHAD

.....
TIONG CHIONG ONG
Executive Director

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APPENDIX I – HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

The summary historical financial information of our Group is as follows:

	Audited (FYE)			Unaudited (FPE)	
	31 Dec 2017 (RM)	31 Dec 2018 (RM)	31 Dec 2019 (RM)	30 June 2020 (RM)	30 June 2019 (RM)
Revenue	324,391,931	338,688,464	284,713,553	162,773,911	117,693,955
Cost of sales	(301,050,603)	(345,253,378)	(280,687,046)	(146,276,669)	(127,003,997)
LAT	(155,766,214)	(148,697,053)	(62,843,358)	(10,472,462)	(35,551,526)
LAT attributable to owners of the Company	(132,022,887)	(133,532,291)	(51,567,681)	(5,701,314)	(28,056,368)
Equity attributable to owners of the Company	617,503,800	485,284,558	433,716,877	428,016,063	457,228,189
Share capital	807,129,190	807,129,190	807,129,190	807,129,190	807,129,190
No. of shares in issue ⁽¹⁾	1,583,364,480	1,583,364,480	1,583,364,480	1,583,364,480	1,583,364,480
Weighted average number of shares as at 31 December	2,041,722,343	2,041,722,343	2,041,722,343	2,041,722,343	2,041,722,343
NA per share ⁽²⁾ (RM)	RM0.39	RM0.31	RM0.27	RM0.27	RM0.29
Loss per share (sen) ⁽³⁾	(6.47)	(6.54)	(2.53)	(0.28)	(1.37)
Total borrowings (RM)	584,853,482	537,571,290	506,946,711	479,856,491	535,158,608

Notes:

(1) Comprising RSB Shares and ICPS.

(2) Calculated as equity attributable to owners of the Company divided by the total number of RSB Shares and ICPS in issue.

(3) Calculated as LAT attributable to owners of the Company divided by the weighted average number of shares as at 31 December.

(i) 6-month FPE 30 June 2020 vs 6-month FPE 30 June 2019

For 6-month FPE 30 June 2020, our Group recorded revenue of RM163 million, representing an increase of approximately 38.14% from RM118 million in 6-month FPE 30 June 2019. The increase was mainly due to the following:

- a) higher selling price of CPO, PK, and FFB by 31.5%, 25.3% and 31.7% respectively where the average price for CPO, PK and FFB was at RM2,505, RM1,398 and RM436 for the 6-month FPE 30 June 2020 respectively; and
- b) increase in volume of production of CPO and PK by 2,508 MT and 477 MT, representing an increase of 5.3% and 4.7% respectively.

APPENDIX I – HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (Cont'd)

In line with the increase in revenue, our Group recorded a lower LAT of RM10 million in 6-month FPE 30 June 2020 as compared to RM36 million in 6-month FPE 30 June 2019, representing a decrease of approximately 72%. The lower LAT is mainly due to the following:

- a) our Group recorded higher gross profit of RM16 million for the 6-month FPE 30 June 2020 as compared to a gross loss of RM9.3 million in the corresponding 6-month FPE 30 June 2019 mainly due to higher CPO, FFB and PK price as well as more FFB processed;
- b) the administrative and other expenses decreased by approximately 25% or RM2.93 million, in line with the decrease in staff costs, sundry expenses, rental expenses and reversal of gain of disposal of fixed asset from Nescaya Palma Sdn Bhd, one of our Company's subsidiaries; and
- c) the finance cost decreased by approximately 13% or RM1.5 million mainly due to decrease in interest rate of, among others, term loan and revolving credit of 1.25% which was announced by Bank Negara Malaysia.

(ii) FYE 31 December 2019 vs FYE 31 December 2018

Our Group recorded revenue of RM285 million in FYE 31 December 2019, representing a decrease of approximately 16% from RM339 million in FYE 31 December 2018. The decrease was mainly due to the following:

- a) decrease in average selling price for CPO and PK to RM2,016 and RM1,128, representing 5% and 31% respectively; and
- b) decrease in volume of production of CPO, PK and FFB by 7,175 MT, 1,966 MT and 30,577 MT, representing 6%, 8% and 9% respectively.

Our Group recorded a lower LAT of RM63 million in FYE 31 December 2019 as compared to RM149 million in FYE 31 December 2018, representing a decrease of approximately 58%. The lower LAT is mainly due to the following:

- a) cost of sales for the FYE 31 December 2019 has decreased by 19% to RM280.7 million as compared to RM345.3 million in FYE 31 December 2018 mainly due to reduction in FFB purchase price by RM46.2 million and lower palm oil manuring activities by RM16.4 million. As a result, our Group achieved gross profit of RM4.0 million in FYE 31 December 2019 as compared to a gross loss of RM6.6 million in FYE 31 December 2018;
- b) other income has reduced by RM3.2 million, representing 23%, mainly due to one-time gain of RM6.2 million arising from the disposal of the Simunjan Estate which was recorded only in the FYE 31 December 2018. The administrative and other expenses decreased by RM99.4 million on the back of the lower impairment provision for property, plant and equipment as compared to FYE 31 December 2018; and
- c) the finance cost has reduced by RM1.5 million, representing 6%, arising from the settlement of term loan facilities. Overall, our Group recorded lower loss before taxation of RM68.8 million as compared to FYE 31 December 2018 of RM181.1 million. Similarly, our LAT was reduced by 58% or RM85.9 million on the back of lower impairment provisions.

(iii) FYE 31 December 2018 vs FYE 31 December 2017

For FYE 31 December 2018, our Group recorded revenue of RM339 million, an increase of approximately 4.63% from RM324 million in FYE 31 December 2017. The increase was mainly due to the following:

- a) higher CPO and PK sales of RM74.8 million and RM8.4 million, representing an increase of 42.25% and 24.29% respectively;
- b) higher CPO and PK sales volume of 118,362 MT and 25,684 MT, representing an increase of 80% and 72% respectively; and
- c) additional contribution from Lundu Oil Mill which our Group acquired in 2017.

In line with the increase in revenue, our Group recorded a lower LAT of RM149 million in FYE 31 December 2018 as compared to RM158 million in FYE 31 December 2017 representing a decrease of approximately 6%. The lower LAT is mainly due to the following:

- a) cost of sales increased by RM44.2 million or 15% to RM345.3 million mainly due to additional RM61.4 million FFB procured by our mills, which is in line with the higher CPO and PK produced. However, the operating costs of our oil palm estates reduced by RM11.6 million as our Group continued to rationalise our operating costs while constrict any further wastage or leakages. The amortisation and depreciation costs were scaled down by RM9.4 million as a result of the impairment provision provided in 2017. With minimal operating margin, our Group managed to limit our gross loss to RM6.6 million as compared to 2017's gross profit of RM23.3 million; and
- b) other income increased by RM12.1 million mainly attributable to the gain of RM6.2 million arising from the disposal of the Simunjan Estate. The administrative and other expenses decreased by RM8 million on the back of lower impairment provision for property, plant and equipment as compared to FYE 31 December 2017. The impairment losses are provided based on the recoverable amount measured on respective asset's value in use, which mainly hinges on the projected CPO price, FFB yield per hectare, remaining useful life of the asset and discount rate used to estimate the future cash flow to be expected from the asset.

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APPENDIX II - FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. CONSENTS AND CONFLICT OF INTERESTS

Maybank IB, being the Principal Adviser for the Proposed Capital Reduction, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

Maybank IB and its related and associated businesses ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Group and/or any of our affiliates, in addition to the role set out in this Circular. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Maybank Group has extended credit facilities to our Group in its ordinary course of business. Notwithstanding, Maybank IB is of the view that the aforesaid lending relationship will not give rise to a conflict of interest situation in its capacity as Principal Adviser for the Proposed Capital Reduction as:

- (i) the extension of credit facilities arose in the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and the Maybank Group's internal controls and checks; and
- (iii) the total outstanding amount owed by our Group to the Maybank Group is not material when compared to the audited NA of the Maybank Group as at 31 December 2019 of RM81.6 billion.

Maybank IB also confirms that as at the LPD, it is not aware of any circumstance that exists or is likely to exist which would give rise to a conflict of interest situation in its capacity as Principal Adviser for the Proposed Capital Reduction.

APPENDIX II - FURTHER INFORMATION (Cont'd)

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material Commitments**

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, may have material impact on the profit or NA of our Group:

	<u>RM'000</u>
Property, plant and equipment	
- Contracted but not provided for	882
- Authorised and contracted for	-
	<u>882</u>

3.2 Contingent Liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities, which upon becoming enforceable, may have a material impact on the profit or NA of our Group:

	<u>RM'000</u>
Corporate guarantee given by our Company to licensed banks for credit facilities granted to subsidiaries	431,900
	<u>431,900</u>

4. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Board is not aware of any proceedings, pending or threatened, against our Group or any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

5. MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries within 2 years preceding the LPD:

- (i) Sale and purchase agreement dated 22 February 2017 ("**Lundu Acquisition SPA**") entered into between RH Lundu Palm Oil Mill Sdn Bhd ("**RH Lundu**") and RSB Lundu Palm Oil Mill Sdn Bhd ("**RSB Lundu**"), for RH Lundu to sell and RSB Lundu to purchase, the Lundu Land together with the Lundu Oil Mill, workers' quarters and plantation assets, for RM33,700,000 exclusive of goods and services tax.

The Lundu Acquisition SPA was subsequently varied by two supplemental agreements dated 28 March 2017 and 21 December 2018, respectively.

APPENDIX II - FURTHER INFORMATION (Cont'd)

RSB Lundu had, on 20 February 2019, settled the partial purchase price of RM28,080,000 to RH Lundu to complete the acquisition of the Lundu Oil Mill including the workers' quarters and the plantation assets, therefore marking a partial completion of the Lundu Acquisition SPA. As for Lundu Land, being the remaining asset to be completed under the Lundu Acquisition SPA, its completion is subject to the subdivision of Parent Lot 248 Block 4 Stungkor Land District in Lundu, Kuching division, Sarawak culminating in the issuance of the issue document of title to the Lundu Land and the written consent being obtained from the Director of Lands and Surveys and the Superintendent of Lands and Surveys respectively for the transfer of the Lundu Land by RH Lundu to RSB Lundu (collectively, "**Conditions Subsequent**") within 18 months from 20 February 2019.

As at the LPD, the Lundu Acquisition SPA has been mutually extended by a period of 18 months from 19 August 2020 until 18 February 2022 for the parties to fulfil the Conditions Subsequent.

- (ii) Share sale agreement dated 22 February 2017 ("**SSA**") entered into between our Company as the purchaser and Pertumbuhan Abadi Asia Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd and Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King collectively as the vendors, for our Company to acquire 100,000 ordinary shares in Sastat Holdings Sdn Bhd ("**SHSB**") ("**SHSB Shares**") representing the entire equity interest in SHSB, for a total cash consideration of RM17,000,000. The sale and purchase transaction of the SHSB Shares under the SSA has been completed on 27 November 2018.

As at the LPD, the parties have mutually agreed to extend the period for repayment of advance by a further period of 6 months from 25 April 2020 to 25 October 2020. Under the SSA, the repayment of the advance by our Company to Tiong Toh Siong & Sons Sdn Bhd ("**TTSS**") on behalf of SHSB, is the post-completion obligation of our Company. TTSS has also agreed to the extension and shall not demand for payment or charge any interest during this period.

- (iii) Deed of transfer dated 3 October 2018 ("**Deed of Transfer**") entered into between our Company and Tiasa Mesra Sdn Bhd ("**TMSB**"), for our Company to transfer, convey and vest absolutely to and in the name of TMSB and for TMSB to acquire and assume, all the rights, title and interests of our Company in and to the Licence, including the duties, liabilities, obligations and undertakings of our Company under the Licence.

The Deed of Transfer is the final document executed by our Company and TMSB to facilitate the completion of the Agreement dated 22 February 2017 entered into between our Company and TMSB, for our Company's disposal to TMSB of our Company's rights under the Licence including development cost, biological assets, commercial rights and all fixture and fittings relating to the Simunjan Estate, after the full settlement of the consideration sum of RM150,000,000 by TMSB on 25 October 2018.

As at the LPD, the Deed of Transfer has been completed.

- (iv) Share sale agreement dated 30 August 2019 ("**SSA Lubuk**") entered into between our Company and Lembaga Amanah Kebajikan Masjid Negeri Sarawak ("**LAKMNS**"), for our Company to sell and LAKMNS to purchase 3,520,000 ordinary shares in Lubuk Tiara Sdn Bhd ("**LTSB**") ("**Lubuk Shares**"), for RM5,000,000.

The transfer of the Lubuk Shares has been effected following the execution and stamping of the Form of Transfer of Securities dated 24 December 2019. As at the LPD, the SSA Lubuk has been completed.

APPENDIX II - FURTHER INFORMATION (Cont'd)

- (v) Deed of settlement dated 30 August 2019 ("**Deed of Settlement**") entered into between our Company, LTSB and our subsidiaries, namely Lumiera Enterprise Sdn Bhd, Jayamax Plantation Sdn Bhd, R.H. Plantation Sdn Bhd, Timrest Sdn Bhd and Pelita Ekang-Banyok Plantation Sdn Bhd (collectively, "**creditors**"), as part of the condition for completing the SSA Lubuk. The Deed of Settlement provides for the payment of RM4,800,000 by way of 5 yearly instalments of RM720,000.00 each followed by a final instalment of RM1,200,000.00 by LTSB as full and final settlement of the debts due to our Company and the creditors. The Deed of Settlement takes effect from 24 December 2019, being the date of completion of the SSA Lubuk (details of which are as set out in sub-paragraph (iv) of this Section 5 in Appendix II). The first instalment is to be paid by LTSB on or before the 1st day of the month after 1 year from 24 December 2019, of which shall be 1 January 2021. As at the LPD, the Deed of Settlement is still valid and subsisting.
- (vi) Sale and purchase agreement dated 22 January 2020 ("**Lumiera SPA**") entered into between our subsidiary Lumiera Enterprise Sdn Bhd ("**LESB**") and Biogreen Success Sdn Bhd ("**BSSB**"), for LESB to sell and BSSB to purchase Lot 2 Block 11 Teraja Land District situated at Along Batang Baram, Baram, Sarawak with an approximate area of 4,698.2 hectares ("**Lot 2**"), together with the oil palm plantation, its facilities, infrastructures, improvements, immovable assets but excluding movable assets thereon (collectively, "**Lumiera Estate**"), for a consideration of RM85,000,000.00.

The Lumiera SPA is conditional upon a consent being obtained from the Land and Survey Department of Sarawak for the transfer of Lot 2 from LESB to BSSB, a consent being obtained from the Director or Superintendent of Land and Survey, Miri division to charge Lot 2 to BSSB's financier and BSSB being satisfied with the due diligence review into the physical condition, tax, operation, assets, legal financial and other affairs of Lumiera Estate (collectively, "**Lumiera Conditions Precedent**"), all within 3 months from the Lumiera SPA.

As a result of the Covid-19 outbreak and the movement control order imposed, the Lumiera SPA was subsequently varied by the Supplementary Agreement dated 31 March 2020, namely:

- (a) The period for the fulfilment of Lumiera Conditions Precedent has been extended to 23 July 2020.
- (b) Upon payment of RM8,500,000 in addition to the payment of the deposit of RM8,500,000 made earlier by BSSB, LESB shall hand over Lumiera Estate to BSSB on 15 April 2020 if the movement control order in relation to the Covid-19 is lifted. If such movement control order is extended from 15 April 2020, BSSB shall take possession of Lumiera Estate on 1 May 2020.
- (c) Upon taking possession of Lumiera Estate, BSSB shall:
- manage Lumiera Estate in the normal and ordinary course of plantation operation or business, including rehabilitation works, maintenance works including weeding, manuring, control of pests and diseases and to engage labour to carry out such works;
 - carry out harvesting FFB and to sell for profits and to retain the profits derived therefrom.

The Lumiera Conditions Precedent have been fulfilled on 15 July 2020. LESB has handed over possession of Lumiera Estate to BSSB on 1 May 2020. BSSB has until 14 September 2020 to settle the final balance of the consideration sum amounting to RM30,000,000.00 to LESB, failing which, BSSB shall be entitled to a 1-month grace period until 15 October 2020 to settle the said final balance, subject to interest calculated at the rate of 8% on daily rest on the said final balance.

As at the LPD, the payment of the final balance of the consideration sum is still pending from BSSB to LESB.

APPENDIX II - FURTHER INFORMATION (Cont'd)

- (vii) Sale and purchase agreement dated 4 June 2020 ("**Woodijaya SPA**") entered into between our subsidiary, Woodijaya Sdn Bhd ("**WSB**") and Muzana Plantation JV Sdn Bhd ("**MPSB**"), for WSB to dispose of and MPSB to acquire Lot 1200 Puyut Land District situated between Sungai Bakong and Batang Baram, Baram containing an area of approximately 2,819 hectares ("**Lot 1200**"), together with the oil palm plantation, its facilities, infrastructures, improvements, immovable assets but excluding the movable assets thereon (collectively, "**Woodijaya Estate**"), for a consideration of RM53,000,000.

The Woodijaya SPA is conditional upon a consent being obtained from the Land and Survey Department of Sarawak for the transfer of Lot 1200 from WSB to MPSB and a consent being obtained from the Director or Superintendent of Land and Survey, Miri division to charge Lot 1200 to MPSB's financier (collectively, "**Woodijaya Conditions Precedent**"), all within 3 months from the Woodijaya SPA which will expire on 3 September 2020.

The Woodijaya Conditions Precedent have been fulfilled on 17 July 2020. MPSB has 3 months from this date, which will expire on 16 October 2020 to settle the balance of the consideration sum amounting to RM43,460,000.00 to WSB, failing which, MPSB shall be entitled to a 1-month grace period until 17 November 2020 to settle the said balance, subject to interest calculated at the rate of 8% on daily rest on the balance of the consideration sum.

As at the LPD, the payment of the balance of the consideration sum is still pending from MPSB to WSB.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak during normal business hours from 8.30 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) constitution of our Company;
- (ii) audited consolidated financial statements of our Company for the past 2 FYEs 31 December 2018 and 2019 and unaudited consolidated results of our Company for the 6-month FPE 30 June 2020;
- (iii) letter of consent referred to in Section 2 of this Appendix; and
- (iv) material contracts as referred to in Section 5 of this Appendix.



Rimbunan Sawit
RIMBUNAN SAWIT BERHAD
(Registration No. 200501014346 (691393-U))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Rimbunan Sawit Berhad ("**RSB**" or the "**Company**") will be held at Level 2, North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak on Monday, 12 October 2020 at 11.00 a.m. ("**EGM**") or any adjournment thereof, to consider and if thought fit, to approve the following resolution:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 117 OF THE COMPANIES ACT, 2016 ("ACT") ("PROPOSED CAPITAL REDUCTION")

"**THAT** subject to the approvals of the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Company, to reduce the issued share capital of the Company via the cancellation of the paid-up share capital of the Company which is lost or unrepresented by available assets of RM192,528,933 pursuant to Section 117 of the Act. The corresponding credit of RM192,528,933 arising from the Proposed Capital Reduction will be used to set-off against the Company's accumulated losses while the remaining balance, if any, will be credited to the retained earnings account of the Company, which shall be used in a manner to be determined by the Board of Directors of the Company ("**Board**") at a later date and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Securities;

AND THAT the Board be and is hereby authorised and empowered to take all acts and things and to execute all necessary documents, to give full effect and to complete the Proposed Capital Reduction, with full powers to assent to or make any modifications, variations and/or amendments as may be required, or imposed by the relevant authorities or as may be required by the relevant authorities and as the Board may deem necessary and expedient to finalise, implement and give full effect to complete the Proposed Capital Reduction."

BY ORDER OF THE BOARD

Toh Ka Soon (MAICSA 7031153)
SSM Practicing Certificate No.: 201908004032

Voon Jan Moi (MAICSA 7021367)
SSM Practicing Certificate No.: 202008001906
Joint Company Secretaries

Sarawak
Dated: 16 September 2020

Notes:

1. *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy.*
2. *A proxy appointed to attend and vote at the EGM shall have the same rights as the member to speak at the EGM.*
3. *A member of the Company entitled to attend and vote at the EGM shall be entitled to appoint more than 1 proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead at the EGM. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *To be valid, the Proxy Form, duly completed must be deposited at the registered office of the Company at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
6. *If the appointor is a corporation, the Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.*
7. *A depositor whose name appears in the Record of Depositors as at 5 October 2020 shall be regarded as a member of the Company entitled to attend the EGM or appoint a proxy to attend, speak and vote on his behalf.*



Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Registration No. 200501014346 (691393-U))
(Incorporated in Malaysia)

FORM OF PROXY

Number of shares held by Proxy 1	
Number of shares held by Proxy 2	

*I/We _____
 _____ (*NRIC/Company No. _____)
 of _____
 _____ (full address) being a
 *member/members of **Rimbunan Sawit Berhad** hereby appoint _____
 _____ (*NRIC/Company 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 (“**EGM**”) of the Company to be held on Monday, 12 October 2020 at 11.00 a.m. or any adjournment thereof for/against the resolution to be proposed thereat.

Special Resolution		For	Against
1.	Proposed Capital Reduction		

(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.

Dated this _____ day of _____ 2020

Signature / common seal of shareholder(s)

Notes:

1. A proxy or attorney or a duly authorised representative may but need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy.
2. A proxy appointed to attend and vote at the EGM shall have the same rights as the member to speak at the EGM.
3. A member of the Company entitled to attend and vote at the EGM shall be entitled to appoint more than 1 proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead at the EGM. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
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5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
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7. A depositor whose name appears in the Record of Depositors as at 5 October 2020 shall be regarded as a member of the Company entitled to attend the EGM or appoint a proxy to attend, speak and vote on his behalf.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
**RIMBUNAN SAWIT BERHAD (Registration No. 200501014346
(691393-U))**
North Wing, Menara Rimbunan Hijau,
101, Pusat Suria Permata,
Jalan Upper Lanang,
96000 Sibuluan,
Sarawak

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