RIMBUNAN SAWIT BERHAD ("RSB" or the "Company")
PROPOSED ACQUISITIONS & PROPOSED M&A AMENDMENTS

DEFINITIONS

The following definitions shall apply throughout this announcement:-

Act	:	Companies Act, 1965
Acquirees	:	Jayamax, Novelpac, Lubuk Tiara, Splendid, Biawak, Ekang, Lundu, Selangau and Ulu Teru
Assignment	:	a Deed of assignment or assignment agreement to be entered into between the Rejang Height and RSB or its nominee
Biawak	:	PJP Pelita Biawak Plantation Sdn Bhd
Board	:	The Board of Directors of RSB
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
Agreement	:	The agreement dated 30 December 2009 entered into between RSB and Rejang Height for the assignment of commercial rights of Simunjan
Consideration Shares	:	The 28,331,400 new RSB Shares to be issued pursuant to the Proposed Acquisitions
CPO	:	Crude palm oil
Dato' Sri Tiong	:	Dato' Sri Dr. Tiong Ik King
Dollah Chek	:	Dollah Chek @ Abdullah Chek Bin Sahamat
Datuk Tiong	:	Datuk Tiong Thai King
Ekang	:	PJP Pelita Ekang-Banyok Plantation Sdn Bhd
Equity Guidelines	:	The Equity Guidelines issued by the Securities Commission
EU	:	European Union
Fatherland	:	Fatherland Enterprise Sdn Bhd
FFB	:	Fresh fruit brunches
FPE	:	Financial period ended
FYE	:	Financial year ended
Ha.	:	Hectare(s)
HB	:	Henry Butcher Malaysia Sdn Bhd, an independent registered valuer appointed by RSB in relation to the Proposed Acquisitions
HB Miri	:	Henry Butcher Malaysia (Miri) Sdn Bhd, an independent registered valuer appointed by RSB in relation to the Proposed Acquisitions
HB Sarawak	:	Henry Butcher Malaysia (Sarawak) Sdn Bhd, an independent registered valuer appointed by RSB in relation to the Proposed Acquisitions
ICPS	:	The 191,749,239 new irredeemable convertible preference shares of RM0.50 each in RSB to be issued pursuant to the Proposed Acquisitions
Jayamax	:	Jayamax Plantation Sdn Bhd
JVA	:	Joint venture agreement
JVC	:	Joint venture company
Kendaie	:	Kendaie Oil Palm Plantation Sdn Bhd
Ladang Hijau	:	Ladang Hijau (Sarawak) Sdn Bhd
LAKMNS	:	Lembaga Amanah Kebajikan Masjid Negeri Sarawak

DEFINITIONS

LAT	:	Loss after taxation
LBT	:	Loss before taxation
LPF	:	Licences for planted forests issued by the State of Sarawak which permits oil palm planting activities for a specified period
Lubuk Tiara	:	Lubuk Tiara Sdn Bhd
Lundu	:	PJP Pelita Lundu Plantation Sdn Bhd
M&A	:	Memorandum and Articles of Association of RSB
Main Market	:	The Main Market of Bursa Securities
MIMB	:	MIMB Investment Bank Berhad
MMLR	:	Main Market Listing Requirements
MPOB	:	Malaysian Palm Oil Board
mt.	:	Metric tonne
NA	:	Net assets
NBV	:	Net book value
NCR	:	Native Customary Rights
NL	:	Net liabilities
Novelpac	:	Novelpac-Puncakdana Plantation Sdn Bhd
NTA	:	Net tangible assets
PAA	:	Pertumbuhan Abadi Asia Sdn Bhd
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Pelita Holdings	:	Pelita Holdings Sdn Bhd
PJP	:	Pemandangan Jauh Plantation Sdn Bhd
Proposals	:	The Proposed Acquisitions and Proposed M&A Amendments collectively
Proposed Acquisitions	:	The proposed acquisitions by RSB of the Acquirees and the commercial rights of Simunjan, as detailed in Sections 1 (a) and 2.1 herein
Proposed M&A Amendments	:	The Proposed amendments to the M&A of RSB as detailed in Sections 1 (b) and 5 herein
Rejang Height	:	Rejang Height Sdn Bhd
RH Capital	:	R.H. Capital Sdn Bhd
RH Mortgage	:	R.H. Mortgage & Loan Sdn Bhd
RHS	:	Rimbunan Hijau (Sarawak) Sdn Bhd
RHSA	:	Rimbunan Hijau Southeast Asia Sdn Bhd
RSB or Company	:	Rimbunan Sawit Berhad
RSB Group	:	RSB and its subsidiary companies
RSB Shares *or* Shares	:	Ordinary shares of RM0.50 each in RSB
SFS	:	State Financial Secretary of Sarawak
Simunjan	:	The LPF held by Rejang Height under LPF No. LPF/0035 as detailed in Section 2.7 herein
Selangau	:	PJP Pelita Selangau Plantation Sdn Bhd
Splendid	:	Pelita-Splendid Plantation Sdn Bhd

DEFINITIONS

SSAs	:	The nine (9) separate conditional share sale agreements dated 30 December 2009 entered into between RSB and the respective Vendors (other than Rejang Height) in relation to the Proposed Acquisitions (excluding the commercial rights of Simunjan to be assigned to RSB)
Tan Sri Tiong	:	Tan Sri Datuk Sir. Diong Hiew King @ Tiong Hew King
TCO	:	Tiong Chiong Ong
TKK	:	Tiong Kiong King
TSL	:	Teck Sing Lik Enterprise Sdn Bhd
TTSE	:	Tiong Toh Siong Enterprises Sdn Bhd
TTSH	:	Tiong Toh Siong Holdings Sdn Bhd
Ulu Teru	:	PJP Pelita Ulu Teru Plantation Sdn Bhd
USA	:	United States of America
Vendors	:	The vendors of the Acquirees and Simunjan namely, PJP, TTSH, TSL, Kendaie, Ladang Hijau and Rejang Height
5 Day WAMP	:	the 5-day weighted average market price of RSB Shares up to 29 December 2009 (being the market day preceding the date of this announcement) of RM1.30 per RSB Share

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1. INTRODUCTION

On behalf of the Board, MIMB wishes to announce that the Company is proposing to undertake the following proposals:-

(a) Proposed acquisitions of equity interests in the Acquirees and the commercial rights of Simunjan from the respective Vendors for an aggregate purchase consideration of RM286.10 million to be wholly satisfied through the issuance of 28.33 million RSB Shares and 191.75 million new ICPS at an issue price of RM1.30 per Share/ ICPS; and

(b) Proposed amendments to the M&A to facilitate the issuance of the ICPS.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Proposed Acquisitions

RSB had on 30 December 2009 entered into nine (9) separate conditional SSAs and an Agreement with the Vendors for the acquisitions of the Acquirees and the commercial rights of Simunjan respectively, for an aggregate purchase consideration of RM 286.10 million to be wholly satisfied via the issuance of 28.33 million Consideration Shares and 191.75 million ICPS at an issue price of RM1.30 per Shares/ICPS, as follows:-

Acquirees	No. of Shares to be Acquired	Interest to be Acquired	Vendors	Purchase Consideration (RM)	To be satisfied by issuance of Shares	ICPS
1. Jayamax	3,000,000	60.0%	PJP	17,249,720	12,260,600	1,008,415
	1,000,000	20.0%	TTSH	5,749,907	4,086,800	336,205
	1,000,000	20.0%	TSL	5,749,907	4,086,800	336,205
	5,000,000	100.0%		28,749,534	20,434,200	1,680,825
2. Novelpac	1,062,500	85.0%	Kendaie	11,110,803	7,897,200	649,571
3. Lubuk Tiara	5,200,000	65.0%	PJP	33,129,805	-	25,484,465
4. Splendid	3,332,000	70.0%	PJP	8,374,334	-	6,441,795
5. Biawak	2,808,098	70.0%	PJP	50,651,383	-	38,962,602
6. Ekang	581,760	60.0%	PJP	8,081,886	-	6,216,835
7. Lundu	3,628,800	60.0%	PJP	74,457,511	-	57,275,008
8. Selangau	7,200,000	60.0%	Ladang Hijau	20,492,623	-	15,763,556
9. Ulu Teru	5,184,000	60.0%	PJP	28,271,437	-	21,747,259
10. Simunjan	N/A	*100.0%	Rejang Height #	22,785,521	-	17,527,323
Grand Total				**286,104,837**	**28,331,400**	**191,749,239**

Notes:-

* *In relation to the entire commercial rights of Simunjan.*

\# *Being the original licencee.*

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

Details of the Acquirees/Simunjan and Vendors are set out in Sections 2.7 and 2.8 of this announcement respectively.

The highest percentage ratio applicable to the Proposed Acquisitions, as prescribed in paragraph 10.02 (g) of the MMLR, is 325%. The said applicable percentage ratio is prescribed under section (iii) of paragraph 10.02 (g) of the MMLR, namely the purchase consideration compared with the audited net assets of RSB as at 31 August 2009.

2.2 **Basis of the Purchase Considerations**

The purchase considerations of RM286.10 million were arrived at between the Company and the Vendors on a "willing-buyer willing-seller" basis after taking into consideration:-

(i) the audited NTA/NL of the Acquirees as at 31 August 2009;

(ii) the surplus arising from the revaluation of the underlying plantation assets owned by the Acquirees based on their market values as appraised by HB Miri and HB; and

(iii) the market value of Simunjan as appraised by HB Sarawak and the Identified Liabilities (as defined below) to be assumed by RSB (or its nominee company).

The purchase consideration of the Acquirees are summarised below:-

	(A)	**(B)**	**(C)**	**(D) = A+B–C**	**(E)**	**(F) = D x E**
Acquirees	**Audited NTA/(NL) as at 31 .8.09 RM**	*** Market Value RM**	**# NBV RM**	**Adjusted NTA as at 31.08.09 RM**	**Interest to be Acquired %**	**Purchase Consideration RM**
1. Jayamax	(5,222,164)	111,992,000	78,020,300	28,749,534	100.0%	28,749,534
2. Novelpac	(2,586,786)	60,619,000	44,960,681	13,071,533	85.0%	11,110,803
3. Lubuk Tiara	7,308,604	126,753,000	83,092,674	50,968,930	65.0%	33,129,805
4. Splendid	3,897,686	12,686,000	4,620,352	11,963,334	70.0%	8,374,334
5. Biawak	2,914,894	102,513,000	33,068,776	72,359,118	70.0%	50,651,383
6. Ekang	923,436	16,471,000	3,924,626	13,469,810	60.0%	8,081,886
7. Lundu	5,817,866	160,110,000	41,832,014	124,095,852	60.0%	74,457,511
8. Selangau	(25,604,141)	97,216,000	37,457,488	34,154,371	60.0%	20,492,623
9. Ulu Teru	8,512,651	72,522,000	33,915,590	47,119,061	60.0%	28,271,437
10. Simunjan	N/A	44,000,000	**21,214,479	22,785,521	^100%	22,785,521
	(4,037,954)	**804,882,000**	**382,106,980**	**418,737,065**		**286,104,837**

Notes:-

* *The market value of the respective plantation estates as appraised by HB/HB Miri/HB Sarawak based on the material date of valuation of 31 August 2009.*

\# *The NBV of the underlying plantation assets owned by the Acquirees based on the audited financial statements of the respective Acquirees as at 31 August 2009.*

^ *In relation to the entire commercial rights of Simunjan.*

** *Being the identified liabilities of Rejang Height (being the vendor of Simunjan), comprising bank borrowings (of RM16.0 million) and trade creditors (of RM5.2 million) as at 31 August 2009 ("**Identified Liabilities**"), to be assumed by RSB (or its nominee company) pursuant to Proposed Acquisitions.*

2.3 **Basis of Arriving at the Issue Price**

The issue price for the Consideration Shares and ICPS to be issued pursuant to the Proposed Acquisitions was arrived at based on a 5-Day WAMP of RM1.30.

2.4 **Ranking of Consideration Shares and ICPS**

The Consideration Shares shall, upon allotment and issue, rank pari passu in all respects with the existing RSB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the said RSB Shares.

The ICPS shall, upon allotment and issue, rank equally in all respects amongst all ICPS, except that:-

(a) they will not be entitled to any rights, allotments and/or other distributions (except for dividends) that may be declared by the Company; and

(b) the ICPS shall carry no right to vote at any general meeting of RSB except with regard to any proposal to wind-up RSB, during the winding-up of RSB and on any proposal that affects the rights and privileges of the ICPS holders. In any such case, the ICPS holders shall be entitled to vote together with the holders of ordinary shares and to one vote for each ICPS held.

2.5 Mode of Payment

The aggregate purchase consideration for the Proposed Acquisitions of RM286.10 million shall be wholly satisfied via the issuance of 28.33 million Consideration Shares and 191.75 million new ICPS in RSB. Neither cash payment nor initial deposit is payable by RSB to the Vendors.

2.6 Assumption of Liabilities and Future Financial Commitments

Apart from the Identified Liabilities to be assumed by RSB or its nominee company pursuant to the proposed acquisition of the commercial rights of Simunjan (the details of which are set out in Section 2.2 above) and corporate guarantees which may be required to be given by RSB in relation to the existing bank borrowings of the Acquirees after the Proposed Acquisitions, the Company will not assume any other liabilities, including contingent liabilities and guarantees arising from the Proposed Acquisitions. The existing trade liabilities of the Acquirees shall remain in the books of the respective companies and shall be settled in their ordinary course of business.

As the plantation estates of the Acquirees comprise both planted and unplanted areas, additional financial commitments, the quantum of which can not be ascertained at this juncture, are expected to be required from RSB for the continuing development and re-plantting programme after the completion of the Proposed Acquisitions. Apart from the above, no other financial commitment is required in putting the business operations of the Acquirees on-stream.

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2.7 Information on the Acquirees and Simunjan

2.7.1 Information on Company and Estates

Company	Jayamax	Novelpac	Lubuk Tiara	Splendid	Biawak
Date of Incorporation	6.10.1994	2.3.1996 [1]	9.12.1994	16.8.1996 [3]	6.9.1995 [5]
Authorised Share Capital (RM/ No of shares)	RM5,000,000 / 5,000,000	RM5,000,000 / 5,000,000	RM10,000,000 / 10,000,000	RM5,000,000 / 5,000,000	RM10,000,000 / 10,000,000
Issued & Paid up Share Capital (RM/ No of shares)	RM5,000,000 / 5,000,000	RM1,250,000/ 1,250,000	RM8,000,000 / 8,000,000	RM4,760,000 / 4,760,000	RM 4,011,568 / 4,011,568
Directors	Datuk Tiong & TKK	Tan Sri Tiong & Datuk Tiong	Datuk Tiong, TKK, Tiong Chiong Ie & Mohamad Sabry Bin Othman	TCO, TKK, Reynolds Anak Petrus Langi, Dollah Chek & Nee Chiong Sing	TCO & TKK, Datuk Haji Salleh Haji Sulaiman, Dollah Chek & Nee Chiong Sing
Substantial Shareholders	PJP, TSL & TTSH	Kendaie & SFS	PJP, LAKMNS & Ling Lee Soon	PJP & the Land Custody & Development Authority [4]	PJP, Pelita Holdings & LAKMNS [6]
Principal Activities	Cultivation of oil palms	Oil palm plantation	Development of oil palm plantation	Cultivation of oil palms	Oil palm plantation
Estate under management	Jayamax Estate	Novelpac-Puncakdana Estate	Lubuk Tiara Estate	Tabib Estate	PJP Pelita Biawak Estate
Title area	4,959.8 Ha. [16]	4,625 Ha. [16]	6,217 Ha. [2 & 16]	1176.0 Ha. [16]	3,933 Ha. [16]
Location	Lot 4 and Lot 6, Block 9 Dulit Land District, Miri Division, Sarawak	Lots 11 & 12, Buloh Land District, Sibu Division, Sarawak	Lot 6, Dulit Land District and Lot 69, Sawai Land District, Miri Division, Sarawak	Lot 18 & 19, Block 6, Telang Usang Land District, Miri Division, Sarawak	Lots 5 & 7, Block 3, Stungkor Land District, Lots 66 & 67, Block 11, Gading Lundu Land District, Lot 40, Block 12, Gading Lundu Land District, Lot 247, Block 4, Stungkor Land District, Lot 385, Block 8, Stungkor Land District, Kuching Division, Sarawak
Title & Tenure	60 years lease expiring on 8.4.2059 [15]	60 years lease expiring on 27.5.2059 & 30.3.2060 [15]	60 years lease expiring on 29.12.2059 [15]	99 years lease expiring on 10.7.2087 [15]	60 years lease expiring on 12.1.2062 [15]
Planted area	3,904.23 Ha.	1,311.51 Ha.	3,576.00 Ha.	359.46 Ha.	2,458.8 Ha.
Age of oil palm	Between 1 to 9 years	Approximately 1 to 5 years	Approximately 1 to 7 years	Approximately 8 years	Approximately 4 to 13 years
Encumbrances	Charged to Bank Utama (Malaysia) Berhad for RM30 million vide L.10020/1999 of 15.12.1999 (includes caveat)	Charged to Public Bank Berhad for RM44 million vide L.4653/2006 of 21.4.2006 (includes caveat)	Caveat by RH Capital with 1 other title vide L.113/2006 of 4.1.2006	-	Caveat by Joy Chiam Ee Ling acting for and on behalf of RH Capital vide L.29184/2005 of 20.12.2005
Market value	RM111,992,000	RM60,619,000	RM126,753,000	RM12,686,000	RM102,513,000
Audited NBV as at 31.8 2009	RM78,020,301	RM44,960,681	RM83,092,674	RM4,620,352	RM33,068,776

2.7.1 **Information on Company and Estates (Cont'd)**

Company	Ekang	Lundu	Selangau	Ulu Teru	Simunjan
Date of Incorporation	20.12.2005	12.8.1998 [9]	26 May 2000 [11]	6.9.1995 [13]	N/A
Authorised Share Capital (RM/ No of shares)	RM1,000,000 / 1,000,000	RM20,000,000 / 20,000,000	RM25,000,000 / 25,000,000	RM10,000,000 / 10,000,000	N/A
Issued and Paid up Share Capital (RM/ No of shares)	RM969,600 / 969,600	RM6,048,000 / 6,048,000	RM12,000,000 / 12,000,000	RM8,640,000 / 8,640,000	N/A
Directors	TCO, TKK, Sebastian Anak Baya, Dollah Chek & Nee Chiong Sing	TCO, TKK, Stephen Jussem Dundon, Dollah Chek & Wong Yiing Ngiik	TKK, TCO, Wong Yiing Ngiik, Gangga Anak Ugil & Dollah Chek	TKK, TCO, Sebastian Anak Baya, Dollah Chek & Nee Chiong Sing	N/A
Substantial Shareholders	PJP & Pelita Holdings [7]	PJP & Pelita Holdings [10]	Ladang Hijau & Pelita Holdings [12]	PJP & Pelita Holdings [14]	Rejang Height is the licence holder
Principal Activities	Cultivation of oil palm	Cultivation of oil palm	Cultivation of oil palms	Cultivation of oil palm	Land usage: Cultivation of oil palm
Estate under management	PJP Pelita Ekang-Banyok Estate	Lundu Estate	PJP Pelita Selangau Estate	Ulu Teru Estate	Simunjan Estate
Title area	3,367 Ha. [16]	7,089.5 Ha. [16]	5,000 Ha. [16]	7,900 Ha. [16]	15,580 Ha.
Location	NCR land at Long Ekang and Long Banyok, Miri Division, Sarawak [8]	NCR land located at Biawak, Lundu District, Kuching Division, Sarawak [8]	NCR land at Ulu Selangau Land, Sibu Division, Sarawak [8]	NCR land located at Ulu Teru Land, Miri Division, Sarawak [8]	Samarahan and Sri Aman Divisions, Sarawak
Title & Tenure	JVA commencing on 11.8.2005	JVA commencing on 30.7.1998	JVA commencing on 25.4.2001	JVA commencing on 30.9.2003	60 years lease expiring on 21.3.2064 [16]
Planted area	84.51 Ha.	4,642.08 Ha.	3,062.8 Ha.	1,498.48 Ha.	781.74 Ha.
Age of oil palm	Approximate 1 year	Approximately 4 to 14 years	Approximately 8 to 10 years	Approximately 1 to 3 years	Approximately 1 year
Encumbrances	-	-	-	-	-
Market value	RM16,471,000	RM160,110,000	RM97,216,000	RM72,522,000	RM44,000,000
Audited NBV as at 31.8.2009	RM3,924,626	RM41,832,014	RM37,457,488	RM33,915,590	RM21,214,479 [18]

Notes:-

1. *Under the name of Novelpac Sdn Bhd and subsequently changed to Novelpac on 2 February 1999.*
2. *Including an approximately 613 Ha. of Lot 6, Dulit Land District, Miri Division, Sarawak which was sold to the adjoining RH Bakong Estate. The said area has not been assigned with any value in the market valuation appraised by HB.*
3. *Under the name of Azamadun Sdn Bhd and subsequently changed to Splendid on 3 May 2000.*
4. *Splendid is also a JVC formed pursuant to a JVA dated 13 May 1999 between the Land Custody and Development Authority of Sarawak and Splendid Standard Sdn Bhd for the purpose of developing state land.*

5. *Under the name Pelita Cergas Sdn Bhd and subsequently changed to Biawak on 15 April 2005.*
6. *Biawak is also a JVC formed pursuant to a JVA dated 8 August 2002 between Pelita Holdings, LAKMNS and PJP for the purpose of developing state land.*
7. *Ekang is also a JVC formed pursuant to a JVA dated 11 August 2005 between Pelita Holdings (nominated by the Land Custody and Development Authority of Sarawak to act as trustee for and on behalf of NCR landowners) and PJP for the development of NCR land.*
8. *To be developed under the NCR joint venture arrangement with the State of Sarawak.*
9. *Under the name of Raya Ceria Oil Palm Plantation Sdn Bhd and subsequently changed to Lundu on 19 April 2005*
10. *Lundu is also a JVC formed pursuant to a JVA dated 30 July 1998 between Pelita Holdings (nominated by the Land Custody and Development Authority of Sarawak to act as trustee for and on behalf of NCR landowners) and Sri Idaria (M) Sdn Bhd for the development of NCR land.*
11. *Under the name of Ladang Metah Sdn Bhd and subsequently changed to Selangau on 12 July 2006*
12. *Selangau is also a JVC formed pursuant to a JVA dated 25 April 2001 between Pelita Holdings (nominated by the Land Custody and Development Authority of Sarawak to act as trustee for and on behalf of NCR landowners) and Ladang Hijau for the development of NCR land.*
13. *Under the name of Pelita Tangkas Sdn Bhd and subsequently changed its name to Ulu Teru on 12 April 2005.*
14. *Ulu Teru is also a JVC formed pursuant to a JVA dated 30 September 2003 between Pelita Holdings (nominated by the Land Custody and Development Authority of Sarawak to act as trustee for and on behalf of NCR landowners) and PJP for the development of NCR land.*
15. *Provisional lease of State land.*
16. *These include an aggregate of approximately 10,200 Ha. of unsurrendered areas, which have not been assigned with any value in the market valuations appraised by HB for the 9 plantation estates concerned.*
17. *Rejang Height has been granted the LPF by the Director of Forests, Sarawak, for a period of sixty (60) years commencing from 22 March 2004 and ending on 21 March 2064, to establish and maintain a planted forest. Under the terms of the LPF, Rejang Height is permitted to undertake oil palm planting activities for a period of twenty-five (25) years ending on 21 March 2029.*
18. *In relation to the capital expenditure incurred up to 31 August 2009.*

None of the Acquirees has any subsidiary or associated company.

All of the land usage of the estates under management by the Acquirees are for agricultural purposes and are categorised as mixed zone land / country land.

The market value assigned to each of the estates of the Acquirees are derived based on the discounted cash flow and comparative method of valuation, as appraised by HB Miri (save for Simunjan which were appraised by HB Sarawak) on 31 August 2009.

2.7.2 FFB Production

	FFB Production (mt.)					
	2004	**2005**	**2006**	**2007**	**2008**	**2009 (annualised)**
Jayamax	3,980.30	10,173.26	18,345.34	24,136.09	22,200.50	22,085.04
Novelpac *	-	-	-	-	-	-
Lubuk Tiara	-	-	-	9,281.50	14,783.40	14,793.38
Splendid	-	1,924.13	3,568.81	3,622.54	4,282.03	4,325.42
Biawak	6,468.90	12,339.06	24,302.59	28,509.07	36,905.74	33,183.41
Ekang *	-	-	-	-	-	-
Lundu	21,534.31	31,062.32	52,293.00	65,287.43	74,677.72	67,811.60
Selangau	11,358.00	17,450.00	25,123.00	25,816.00	23,684.00	22,930.50
Ulu Teru *	-	-	-	-	-	-
Simunjan *	-	-	-	-	-	-

Note:-

* *Simunjan and the estates managed by Novelpac, Ekang and Ulu Teru have yet to commence production of FFB as these plantations are still at infancy stage.*

2.7.3 Original Cost of Investments by the Vendors

Acquirees	Vendor	No of Shares	Date of Investment	Cost of Investment by Vendor
1. Jayamax	PJP	3,000,000	30.01.1999	RM 3,000,000
	TSL	1,000,000	15.10.2004	RM 1,000,000
	TTSH	1,000,000	15.10.2004	RM 1,000,000
2. Novelpac	Kendaie	1,062,500	05.01.2006	RM 15,000,000
3. Lubuk Tiara	PJP	5,200,000	22.02.1999	RM 5,693,500
4. Splendid	PJP	3,332,000	04.08.2000	RM 3,332,000
5. Biawak	PJP	2,808,098	22.11.2002	RM 2,808,098
6. Ekang	PJP	581,760	10.06.2008	RM 581,760
7. Lundu	PJP	3,628,800	08.02.2000	RM 3,628,800
8. Selangau	Ladang Hijau	7,200,000	22.11.2002	RM 7,200,000
9. Ulu Teru	PJP	5,184,000	27.10.2004	RM 5,184,000
10. Simunjan	Rejang Height	N/A	22.03.2004	* RM21,214,479

Note:-
N/A Not applicable.
* *In relation to the capital expenditure incurred up to 31 August 2009.*

2.7.4 Summary of key audited financial information of the Acquirees

(a) **Jayamax**

	Audited FYE 31 July			Audited FPE
	2007	**2008**	**2009**	**01.08.2009 to 31.08.2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	7,661	12,724	8,948	985
PBT / (LBT)	900	2,942	(1,233)	63
PAT / (LAT)	900	2,942	(1,233)	63
Shareholders fund	(6,969)	(4,027)	(5,260)	(5,197)
Total borrowings	57,351	57,622	60,978	60,860

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Jayamax throughout the periods under review.

(iii) For FYE 31 July 2008, revenue increased by 66.1% to RM12.7 million due to the increase in FFB production and higher average FFB selling prices during the financial year. In tandem, PAT increased to RM2.9 million.

(iv) For FYE 31 July 2009, revenue declined by 29.7% to RM8.9 million mainly due to a decline in average selling prices of FFB. In the same financial year, Jayamax recorded a LAT of RM1.2 million resulting from higher cost of sales.

(b) **Novelpac**

	Audited FYE 31 March			Audited FPE
	2007	**2008**	**2009**	**01.04.2009 to 31.08.2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	-	17	53	34
PBT/(LBT)	(331)	(292)	(352)	(137)
PAT/(LAT)	(331)	(292)	(352)	(137)
Shareholders fund	(1,806)	(2,098)	(2,450)	(2,587)
Total borrowings	9,532	13,516	20,508	28,180

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) Except for FYE 31 March 2007 which was qualified on the appropriateness of going concern assumption used for the preparation of financial statements, there were no other audit qualifications reported in the audited financial statements of Novelpac throughout the periods under review.

(iii) Novelpac has generated minimal revenue up until FYE 31 March 2009 since the plantation managed by the company has yet to yield any significant amount of FFB.

(c) **Lubuk Tiara**

	Audited FYE 31 July 2007 RM'000	2008 RM'000	2009 RM'000	Audited FPE 01.08.2009 to 31.08.2009 RM'000
Revenue	4,888	5,726	5,504	655
PBT / (LBT)	(988)	492	(368)	146
PAT / (LAT)	(988)	492	(368)	146
Shareholders fund	7,066	7,559	7,191	7,337
Total borrowings	37,911	37,790	37,516	37,485

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Lubuk Tiara throughout the periods under review.

(iii) Revenue recorded was generally consistent during the periods under review. Nevertheless, the company recorded small losses during FYE 31 July 2007 and 2009 due mainly to lower average FFB selling prices and increase in upkeep maintenance cost.

(d) **Splendid**

	Audited FYE 31 July 2007 RM'000	2008 RM'000	2009 RM'000	Audited FPE 01.08.2009 to 31.08.2009 RM'000
Revenue	1,264	2,324	1,662	182
PBT / (LBT)	(32)	684	31	17
PAT / (LAT)	(32)	684	31	17
Shareholders fund	3,165	3,849	3,880	3,897
Total borrowings	36	5	-	-

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Splendid throughout the periods under review.

(iii) For FYE 31 July 2008, revenue increased by 83.9% to RM2.3 million due to the increase in FFB production and higher average FFB selling prices. In tandem, PAT increased to RM0.7 million.

(iv) For FYE 31 July 2009, revenue declined by 28.5% to RM1.7 million mainly due to a decline in average selling prices of FFB. As a result, PAT declined to approximately RM31,000.

(e) **Biawak**

	Audited FYE 31 July 2007	2008	2009	Audited FPE 01.08.2009 to 31.08.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	8,567	18,937	12,543	1,323
PBT / (LBT)	(267)	5,466	440	206
PAT / (LAT)	(267)	5,655	186	135
Shareholders fund	(3,060)	2,595	2,781	2,916
Total borrowings	36,015	36,000	36,470	36,470

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Biawak throughout the periods under review.

(iii) For FYE 31 July 2007, the company posted a LAT of RM0.3 million mainly due to an increase in production costs.

(iv) For FYE 31 July 2008, revenue increased by more than two fold to RM18.9 million due to the increase in FFB production and higher average FFB selling prices. In tandem, the company recorded a PAT of RM5.6 million.

(v) For FYE 31 July 2009, revenue declined by 33.8% to RM12.5 million mainly due to a decline in average selling prices of FFB. As a result, PAT declined to RM0.4 million.

(f) **Ekang**

	Audited FYE 31 July 2007	2008	2009	Audited FPE 01.08.2009 to 31.08.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
PBT/(LBT)	(2)	(15)	(16)	(1)
PAT/ (LAT)	(2)	(32)	1	(1)
Shareholders fund	(11)	927	928	927
Total borrowings	-	-	-	-

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Ekang throughout the periods under review.

(iii) No revenue was generated during the periods under review as the plantation managed by the company has yet to yield any FFB.

(g) **Lundu**

	Audited FYE 31 July 2007	2008	2009	Audited FPE 01.08.2009 to 31.08.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	18,509	38,630	25,036	2,584
PBT/ (LBT)	2,560	13,516	5,332	694
PAT/ (LAT)	2,014	14,061	5,332	694
Shareholders fund	(14,225)	(164)	5,168	5,862
Total borrowings	47,739	49,104	51,300	51,300

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Lundu throughout the periods under review.

(iii) For FYE 31 July 2008, revenue increased by more than two fold to RM38.6 million due to the increase in FFB production and FFB selling prices. In tandem, the company posted a PAT of RM14.1 million.

(iv) For FYE 31 July 2009, revenue declined by 35.2% to RM25.0 million mainly due to a decline in average selling prices of FFB during the financial year. As a result, PAT declined to RM5.3 million.

(h) **Selangau**

	Audited FYE 30 April			Audited FPE
	2007	**2008**	**2009**	**01.05.2009 to 31.08.2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	6,640	13,898	9,846	3,716
PBT/(LBT)	(6,427)	(1,019)	(5,097)	480
PAT/(LAT)	(6,427)	(1,019)	(5,097)	480
Shareholders fund	(19,968)	(20,987)	(26,084)	(25,604)
Total borrowings	57,391	61,893	64,041	64,008

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Selangau throughout the periods under review.

(iii) For FYE 31 July 2008, revenue increased by more than two fold to RM13.9 million due to the increase in FFB production and average FFB selling prices during the financial year. As a result, LAT narrowed to RM1.0 million.

(iv) For FYE 31 July 2009, revenue reduced by 29.2% to RM9.8 million due to lower FFB production as well as lower average FFB selling prices. As a result LAT widened to RM5.1 million.

(i) **Ulu Teru**

	Audited FYE 31 July			Audited FPE
	2007	**2008**	**2009**	**01.08.2009 to 31.08.2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	-	-	-	12
PBT / (LBT)	1	6	0	(106)
LAT / (LAT)	1	6	0	(106)
Shareholders fund	2,853	8,619	8,619	8,513
Total borrowings	3,069	3,000	3,130	3,130

(i) There were no extraordinary nor exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Ulu Teru throughout the periods under review.

(iii) No revenue was generated during the periods under review as the plantation managed by the company has yet to yield any FFB.

2.8 Information of the Vendors

2.8.1 PJP

PJP is a private limited company incorporated in Malaysia under the Act on 20 August 1992. PJP is principally an investment holding company. PJP has an authorised share capital of RM25,000,000 comprising of 25,000,000 ordinary shares of RM1.00 each, of which 22,000,000 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

The Directors of PJP are Tan Sri Tiong and TKK. The substantial shareholders of PJP are TTSH, TSL, Tan Sri Tiong, Dato' Sri Tiong and Biru-Hijau Enterprise Sdn Bhd.

2.8.2 **TTSH**

TTSH is a private limited company incorporated in Malaysia under the Act on 10 August 1983. TTSH is principally engaged in renting of properties, investment holdings and properties development. TTSH has an authorised share capital of RM50,000,000 comprising of 50,000,000 ordinary shares of RM1.00 each, of which 21,000,000 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

The Directors of TTSH are Datuk Tiong, Tan Sri Tiong, Tiong Chiong Ie, Tiong Choon, Dato' Sri Tiong and TKK. The substantial shareholders of TTSH are Datuk Tiong, Priharta Development Sdn Bhd, Tan Sri Tiong, TSL, Dato' Sri Tiong, TKK and Tiong Kiu King.

2.8.3 **TSL**

TSL is a private limited company incorporated in Malaysia under the Act on 2 May 1980. TSL is principally engaged in investment in corporate securities and cultivation of oil palm. TSL has an authorised share capital of RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each, of which 4,000,000 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

The Directors of TSL are Tan Sri Tiong and TCO. The substantial shareholder of TSL is Tan Sri Tiong.

2.8.4 **Kendaie**

Kendaie is a private limited company incorporated in Malaysia under the Act on 12 August 1998. Kendaie is principally engaged in investment in corporate securities. Kendaie has an authorised share capital of RM1,000,000 comprising of 1,000,000 ordinary shares of RM1.00 each, of which 1,000,000 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

The Directors of Kendaie are Datuk Tiong and Wong Yiing Ngiik. The substantial shareholders of Kendaie are TTSE, TSL and PAA.

2.8.5 **Ladang Hijau**

Ladang Hijau is a private limited company incorporated in Malaysia under the Act on 26 March 1985. Ladang Hijau is principally engaged in plantation. Ladang Hijau has an authorised share capital of RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each, of which 4,300,000 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

The Directors of Ladang Hijau are Tan Sri Tiong and Datuk Tiong. The substantial shareholders of Ladang Hijau are TTSH, Fatherland, Tan Sri Tiong, Dato' Sri Tiong, TKK and Tiong Kiu King.

2.8.6 **Rejang Height**

Rejang Height is a private limited company incorporated in Malaysia under the Act on 6 December 1994. Rejang Height is principally engaged in reforestation. Rejang Height has an authorised share capital of RM500,000 comprising of 500,000 ordinary shares of RM1.00 each, of which 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The Directors of Rejang Height are Tan Sri Tiong and Wong Yiing Ngiik. The substantial shareholders of Rejang Height are PAA and TTSE.

3. SALIENT TERMS OF THE SSAs & AGREEMENT

3.1 SSAs

The salient terms of the SSAs include inter-alia, the following:-

(i) **Payment Terms**

The purchase consideration shall be wholly satisfied by RSB to the Vendors of the respective Acquirees within thirty (30) days after the completion date by issuance of the Consideration Shares/ICPS to the Vendors, in their respective proportions, subject to the relevant shares of the Acquirees having been transferred to and registered in the name of RSB. The Consideration Shares/ICPS shall, if required, be credited into the respective CDS accounts of the respective Vendors at the sole cost and expense of the Vendors.

The listing of and quotation for the RSB Shares, if applicable, shall take place within thirty (30) days after the completion date or such other time frame as shall be in compliance with the then applicable laws.

(ii) **Conditions Precedent**

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

(a) RSB obtaining the approval of Bursa Securities for the listing of and quotation for the new RSB Shares and new Shares to be issued arising from the conversion of the ICPS on the Main Market;

(b) RSB obtaining the approval of its shareholders in a general meeting for the Proposed Acquisitions and the issuance of the Consideration Shares/ICPS to the Vendors in their respective proportions in satisfaction of the purchase consideration;

(c) if applicable, the Vendors procuring RSB to obtain the approval/consent from the various banks and financial institutions who have extended credit facilities to the Acquirees for the change in the shareholding and Board structures and composition of the Acquirees consequential to the Proposed Acquisitions;

(d) the conduct of a legal and financial due diligence by RSB on the Acquirees, its operations and its affairs, the results of which are determined by RSB in its sole and absolute discretion to be satisfactory; and

(e) if required, the Vendors procuring any other approval or consent of any relevant authority. If any of the said approvals shall be subject to or shall impose conditions relating to any adjustments to the purchase consideration, the parties hereto agree that the purchase consideration and the Consideration Shares/ICPS shall be adjusted accordingly and the parties further agree to do all things necessary to effect such adjustments.

The conditions precedent are to be fulfilled within six (6) months from the date of the SSAs, or such extended period as may be mutually agreed by the parties in writing.

3.2 **Agreement**

The salient terms of the Agreement include inter-alia, the following:-

(i) **Agreement**

Subject to the consent of the Director of Forests of the Forest Department ("**Director**") and/or the Minister for Planning and Resource Management of the Planning and Resource Management Department ("**Minister**"):-

(a) Rejang Height has agreed to assign absolutely and RSB has agreed to accept the absolute assignment of all the rights, title and interests of Rejang Height in and to Simunjan ("**Licence Rights**"), for the consideration to be satisfied by RSB in favour of Rejang Height, upon the terms and subject to the conditions of the Agreement and the Assignment.

(b) The consideration is derived on a "willing buyer willing seller" basis after taking into account the market value of Simunjan and the Licence Rights to be assigned under the Agreement which has been appraised by an independent registered valuer appointed by RSB and deducting from the said market value, the amount of liabilities which RSB thereby agrees to assume on behalf of the Licensee. The liabilities to be assumed by RSB and the final details of the same including the amount, nature and type shall be subject to the legal and financial due diligence to be conducted by RSB pursuant to Section 3.2(iii)(d) herein and RSB shall be entitled to determine the final amount of the liabilities agreed to be assumed and to effect an adjustment to the amount of the consideration and the ICPS accordingly, without prejudice to any adjustments to the consideration which may arise pursuant to Section 3.2(iii) below.

(b) If required and subject to compliance with all applicable laws, RSB shall be entitled to nominate any of its wholly-owned subsidiaries to enter into the Assignment, in which event the Licence Rights vested in RSB pursuant to the Agreement shall vest in such nominee.

(ii) **Payment**

The consideration shall be wholly satisfied by RSB to Rejang Height within thirty (30) days after the completion date through the issuance of ICPS to Rejang Height subject to Clause 5.1 of the Agreement.

If RSB is not able to wholly satisfy the consideration within the thirty (30) day period referred to in Clause 4.1 of the Agreement, Rejang Height shall agree to an extension of time as may be reasonably requested by RSB and Rejang Height hereby agrees that non-satisfaction of the consideration by RSB within the aforesaid thirty (30) day period as aforesaid shall not be a ground upon which Rejang Height may terminate the Agreement.

(iii) **Conditions Precedent**

The acquisition of the Licence Rights shall be conditional upon the fulfillment of the following within the stipulated period:-

(a) RSB obtaining the approval of Bursa Securities for the listing of and quotation for listing of and quotation for new Shares to be issued arising from the conversion of the ICPS on the Main Market;

(b) RSB obtaining the approval or approval in principle of the Director and/or the Minister to the terms and conditions of the Assignment;

(c) RSB obtaining the approval of its shareholders in a general meeting for the acquisition of the Licence Rights, the assumption of the liabilities referred to in Section 3.2(i)(b) and the issuance of the ICPS via the Agreement;

(d) the conduct of a legal and financial due diligence by RSB on Simunjan, the Licence Rights and all matters deemed necessary by RSB pertaining to Simunjan and the Licence Rights, the results of which are determined by RSB in its sole and absolute discretion to be satisfactory; and

(e) such other approvals, consents or permissions from any regulatory authority or third party required by RSB.

If any of the said approvals shall be subject to or shall impose conditions relating to any adjustments to the purchase consideration and if accepted by the parties, they hereto agree that the purchase consideration and the ICPS shall be adjusted accordingly and the parties further agree to do all things necessary to effect such adjustments.

The conditions precedent are to be fulfilled within six (6) months from the date of the Agreement, or such extended period as may be mutually agreed by the parties in writing.

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4. SALIENT TERMS OF THE ICPS

The salient indicative terms of the ICPS are as follows:-

Issue size	:	191,749,239 units of ICPS
Issue price	:	RM1.30 per ICPS, i.e. RM0.50 par value plus RM0.80 premium
Nominal value in issue	:	RM95,874,619.50
Par value	:	RM0.50
Form and Denomination	:	The ICPS will be constituted in the Articles of Association of RSB and issued in registered form and in multiples of RM0.50 each
Voting Rights	:	The ICPS shall carry no right to vote at any general meeting of RSB except with regard to any proposal to wind-up RSB, during the winding-up of RSB and on any proposal that affects the rights and privileges of the ICPS holders. In any such case, the ICPS holders shall be entitled to vote together with the holders of ordinary shares and to one (1) vote for each ICPS held
Ranking	:	(i) The ICPS shall rank equally in all respects amongst all ICPS. (ii) The ICPS will not be entitled to any rights, allotments and/or other distributions (except for dividends) that may be declared by the Company. (iii) their rights as to voting shall be as limited to those described in "Voting Rights" above
Tenure	:	Ten (10) years from the date of issue
Maturity Date	:	The market day immediately before the tenth (10th) anniversary of the date of issue
Dividend Rate	:	The ICPS shall be entitled to any dividend declared or paid ranking pari passu with ordinary shares
Dividend Date	:	Dividends on the ICPS shall be payable on the date dividends are paid on the ordinary shares
Conversion Period	:	The ICPS shall be convertible into new RSB Shares at any time on any business day between Monday and Friday that is not a public holiday from the issue date up to and including the Maturity Date
Conversion Ratio	:	One (1) ICPS shall be converted into one (1) new RSB share, or any other adjusted ratio consequent to an alteration to the share capital of the Company
Conversion Mode	:	The conversion shall be satisfied by surrendering the ICPS for cancellation
Conversion Rights	:	The ICPS holders will have the right to convert the ICPS at the Conversion Ratio into new RSB Shares at any time during the tenure of the ICPS
Redemption	:	Not redeemable
Transferability	:	Fully transferable with the prior approvals of the relevant authorities, if any and if required
Listing	:	The ICPS will not be listed on Bursa Securities. However, an application for approval-in-principle of Bursa Securities will be made for the listing of and quotation for the new RSB Shares to be issued arising from the conversion of the ICPS on the Main Board of the Bursa Securities

Priority on liquidation	:	The right on a winding-up or other return of capital to repayment, in priority to any payment to the holders of ordinary shares but pari passu amongst the ICPS holders then in issue
Ranking of new RSB Shares arising from conversion	:	The new RSB Shares to be issued arising from conversion of the ICPS shall, upon allotment and issue, rank equally in all respects with the existing RSB Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new RSB Shares
Governing Law	:	Laws of Malaysia

5. PROPOSED M&A AMENDMENTS

Proposed M&A Amendments is to facilitate the issuance of new ICPS in RSB pursuant to the Proposed Acquisitions.

6. RATIONALE FOR THE PROPOSALS

6.1 Proposed Acquisitions

The Proposed Acquisitions are consistent with RSB's plans to continue to expand its oil palm cultivation business by acquiring new plantation land bank in Malaysia, particularly in Sarawak.

After the Proposed Acquisitions, the total plantation land bank owned by the RSB Group would be increased from 31,645 Ha to approximately 91,000 Ha., of which approximately 38,000 Ha. have already been planted. The enlarged plantation land bank would have a planting ratio of planted 42% and unplanted 58% areas. With the expected improvement of oil palm production yield from the plantation assets held by the Acquirees over the next few years, the RSB Group is expected to benefit from the improving revenue and profit contributions from the Acquirees.

More importantly, the Proposed Acquisitions would propel the enlarged RSB Group to become one of the major palm oil plantation companies listed in Malaysia. The creation of an enlarged RSB Group would be capable of extracting greater business and cost synergies, whilst boosting the profitability and assets base.

In addition, the Proposed Acquisitions would also remove various existing related party transactions, thereby improving transparency for existing shareholders. In summary, the Proposed Acquisitions represent a strategic investment by RSB and are expected to contribute positively to the earnings as well as the shareholders' value of the RSB Group in the medium to long term.

6.2 Proposed M&A Amendments

The Proposed M&A Amendments are to facilitate the issuance of new ICPS pursuant to the Proposed Acquisitions.

6.3 Justification for new issues of securities

The Board is of the opinion that the combination of ICPS and Shares are the most appropriate means to satisfy the purchase consideration of the Proposed Acquisitions, with a view to comply with the public shareholding spread requirement under Section 8.02 of the MMLR and to avoid any significant impact on the cash flow and gearing of the Company should the purchase consideration of the Proposed Acquisitions be settled in cash or bank borrowings.

The issuance of the ICPS would also temporarily mitigate the dilutive effects on EPS of the Company should the entire purchase consideration be settled entirely via the issuance of new RSB Shares.

7. RISK FACTORS

The Board does not foresee any material risks pursuant to the Proposed Acquisitions except for the inherent risk factors associated with the plantation industry in which the RSB Group is already involved. As the RSB Group has existing oil palm plantations, including in the State of Sarawak, and is also exposed to similar risks, any risks arising from the Proposed Acquisitions will be addressed as part of the RSB Group's ordinary course of business.

8. PROSPECTS

8.1 Industry Outlook

In the second quarter of 2009, world production of total vegetable oils had amounted to 40.24 million tonnes ("**Mn T"**), a slight increase by less than 1% from the previous quarter, and approximately 3.2% over the same period last year. Of the total, production of palm oil had increased by 1 Mn T to 10.91 Mn T or 10.5% on-quarter and nearly 2% onyear. Concurrently, production of soybean oil registered also an increase of similar rate to 9.3 Mn T from the previous quarter but contracted slightly by 2% from last year.

In Malaysia, production of palm oil had grown by 8.8% on-quarter to 4.13 Mn T, but contracted by 2.8% from the same period last year. Total export of Malaysian palm oil had decreased slightly by 4.6% to 3.69 Mn T on-quarter, but rose 3% on-year. Of total, the biggest export market for Malaysian palm i.e. China, PR still maintained its position, amounting of 0.92 Mn T or 24.8% share, followed by the EU 0.47 Mn T (12.7%), Pakistan 0.38 Mn T (10.3%), India 0.28 Mn T (7.5%), USA 0.23 Mn T (6.2%) and Japan 0.14 Mn T (3.8%). Together these six (6) countries accounted for 2.41 Mn T or 65.2% of total Malaysian palm oil exports in second quarter 2009.

It is estimated that the production of Malaysian CPO will reach its peak level in the third quarter and at the same time, export of palm oil to increase only marginally. Due to this, stock of palm oil is expected to increase during the quarter. The production of CPO is estimated to reach 4.73 Mn T and stock of palm oil at 1.55 Mn T as compared to 4.13 Mn T and 1.35 Mn T respectively in the second quarter. The expected increase in stock of palm oil will give a technical correction on CPO prices. Price of CPO is expected to average RM2,203 per tonne in the third quarter or declined by 13% as compared to its price in the second quarter of 2009.

(Source: Quarterly Report on Oils and Fats, 1st Quarter 2009, Malaysian Palm Oil Board)

8.2 Prospects

After the Proposed Acquisitions, the total plantation land bank owned by the RSB Group would be increased from 31,645 Ha to approximately 91,000 Ha. of which approximately 53,000 Ha. are yet to be planted. Therefore, there is a great potential for future income arising from the development of such plantable land. Furthermore, coupled with the establishment of a continued rehabilitation planting and replanting program, the Board believes that the profit contribution from the Acquirees will grow in line with higher FFB yield per Ha when the average age profiles of the oil palms near maturity. With this, the Board believes that the Proposed Acquisitions would put the RSB Group on a strong footing to becoming a major player in the oil palm cultivation business in Malaysia.

9. EFFECTS OF THE PROPOSALS

9.1 Share Capital

The proforma effects of the Proposed Acquisitions on the issued and paid-up share capital of the Company are as follows:-

	No. of RSB Shares	Nominal value of RSB Shares (RM)	No. of ICPS	Nominal value of ICPS (RM)	Total share capital (RM)
Existing issued and paid-up share capital as at 31 August 2009	128,266,800	64,133,400	-	-	64,133,400
To be issued pursuant to the Proposed Acquisitions	28,331,000	14,165,500	191,749,239	95,874,619	110,040,119
	156,597,800	78,298,900	191,749,239	95,874,619	174,173,519
Upon full conversion of ICPS (to be issued pursuant to the Proposed Acquisitions)	191,749,239	95,874,619	(191,749,239)	(95,874,619)	-
Enlarged issued and paid-up share capital after the Proposals	**348,347,039**	**174,173,519**	**-**	**-**	**174,173,519**

9.2 NA, NA per Share and Gearing

The proforma effects of the Proposed Acquisitions on the consolidated NA, NA per Share and gearing of RSB based on its consolidated audited financial statements of the RSB Group and the Acquirees for the financial years/periods ended 31 August 2009 are as follows:-

Group Level	**Audited as at 31.08.09** *RM'000*	**#Adjusted Audited as at 31.08.09** *RM'000*	**After Proposed Acquisitions** *RM'000*	**After Full Conversion of ICPS** *RM'000*
Share capital - ordinary	64,133	64,133	78,299	174,173
Share capital - ICPS	-	-	95,874	-
Share premium	6,866	6,866	182,930	182,930
Retained earnings	61,448	60,700	^14,854	^14,854
Merger reserve/(deficit)	(44,630)	(77,446)	(292,335)	(292,335)
Shareholders Fund/ NA#	87,817	54,253	79,622	79,622
No. of RSB Shares	128,267	128,267	156,598	348347
NA per RSB Share	0.68	0.42	0.51	0.23
Total borrowings (RM'000)	154,157	154,157	451,590	451,590
Gearing * (times)	1.8	2.8	* 5.7	* 5.7

Notes:-

\# *The adjusted NA of the RSB Group takes into account the effects of the recent acquisitions by RSB of 100% equity interest in Lumiera Enterprise Sdn Bhd and 85% equity interest in Woodijaya Sdn Bhd which were completed on 22 December 2009.*

^ *After taking into consideration estimated expenses incidental to the Proposals of RM2.0 million.*

* *The gearing of the proforma enlarged RSB Group appears high after the Proposed Acquisitions mainly due to the recognition of the additional deficit merger reserves amounting to RM214.9 million upon the consolidation of the Acquirees by RSB using the merger accounting method.*

The deficit merger reserve is recognised as a result of the surpluses arising from the revaluation of the plantation assets of the Acquirees not being incorporated into the respective accounts of the Acquirees. For the purpose of illustration, assuming that the revaluation surpluses are reflected accordingly, the proforma NA of the enlarged RSB Group after the Proposed Acquisitions would have been higher and the proforma gearing of RBS would be lower at 1.3 times.

9.3 Earnings & Earnings per Share ("EPS")

The Proposed Acquisitions are expected to contribute positively to the earnings of the RSB Group for the FYE 31 August 2010 as the Acquiree, on an aggregate basis, have started generating net profits.

As the oil palm plantation matures over the next few years, the Acquirees will continue to contribute positively to the earnings of the enlarged RSB Group. Among the Acquirees, Novelpac, Ekang and Ulu Teru as well as Simunjan which are still at an infancy stage, represent the additional plantation land bank which would contribute to the long term growth of the enlarged RSB Group.

However, resulting from the issuance of new RSB Shares pursuant to the Proposed Acquisitions and the subsequent conversion of ICPS into new RSB Shares, the EPS of the Company will be accordingly dilutive.

9.4 Dividends

The Proposals are not expected to affect the dividend policy of the Company as future dividend payable by the Company would be dependent on inter-alia, the future profitability and cash flow position of the RSB Group.

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9.5 Substantial Shareholders' Shareholdings

The Proposed M&A Amendments are not expected to have any impact on the substantial shareholders' shareholdings of the Company.

The effects of the Proposed Acquisitions on the substantial shareholders' shareholdings of RSB based on the Register of Substantial Shareholders of RSB as at 22 December 2009 are as follows:-

	Existing as at 22 December 2009				After the Proposed Acquisitions				Upon full conversion of ICPS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
TTSH	31,037,594	24.20	-	-	35,124,394	22.43	[a] 12,260,600	7.83	35,460,599	10.18	[a] 185,160,535	53.15
RHSA	15,073,100	11.75	-	-	15,073,100	9.63	-	-	15,073,100	4.33	-	-
PAA	10,903,600	8.50	[b] 17,033,900	13.28	10,903,600	6.96	[b] 24,931,100	15.92	10,903,600	3.13	[b] 43,107,994	12.38
TSL	7,047,500	5.49	[c] 47,410,994	36.96	11,134,300	7.11	[c] 59,394,994	37.93	11,470,505	3.29	[c] 77,908,093	22.37
TTSE	1,300,300	1.01	[d] 15,073,100	11.75	1,300,300	0.83	[d] 22,970,300	14.67	1,300,300	0.37	[d] 41,147,194	11.81
Tan Sri Tiong	300,000	0.23	[e] 69,343,794	54.06	300,000	0.19	[e] 97,675,194	62.37	300,000	0.09	[e] 289,424,433	83.09
Rejang Height	-	-	-	-	-	-	-	-	17,527,323	5.03	-	-
PJP	-	-	-	-	12,260,600	7.83		-	169,396,979	48.63		-
Kendaie	-	-	-	-	7,897,200	5.04	-	-	8,546,771	2.45	-	-

Notes:-

(a) Deemed interested by virtue of its interests in PJP and Ladang Hijau.

(b) Deemed interested by virtue of its interests in RHSA, Rejang Height, Kendaie and RHS pursuant to Section 6A of the Act.

(c) Deemed interested by virtue of its interests in TTSH, RHSA, TTSE, Rejang Height and Kendaie pursuant to Section 6A of the Act.

(d) Deemed interested by virtue of its interests in RHSA, Rejang Height and Kendaie pursuant to Section 6A of the Act.

(e) Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA, RHSA, RHS, Rejang Healthcare Sdn Bhd, Rejang Height, PJP and Kendaie pursuant to Section 6A of the Act, and his spouse's and children's interests in the Company.

10. APPROVALS REQUIRED FOR THE PROPOSALS

10.1 Approvals required

The Proposals are subject to the approvals being obtained from the following authorities/parties:-

(a) the shareholders of RSB at a general meeting to be convened for the Proposals;

(b) Bursa Securities for the listing of and quotation for the Consideration Shares and the new RSB Shares arising from the conversion of the ICPS on the Main Market of Bursa Securities;

(c) Sarawak State Authority and/or other minority shareholders/joint venture partners for their consents for the Proposed Acquisitions; and

(d) any other relevant authorities/parties (if required).

10.2 Inter-conditionality

(i) All of the nine (9) SSAs and the Agreement pertaining to the Proposed Acquisitions are not inter-conditional upon one another, i.e. the Company may decide to proceed with the acquisition of any one or more of the Acquirees and/or Simunjan.

(ii) The Proposed M&A Amendments and the Proposed Acquisitions are inter-conditional.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the Directors and/or major shareholders of the Company or any persons connected with them is expected to have any interest, whether direct or indirect in the Proposals:-

(a) Tan Sri Tiong is the Executive Chairman and a major shareholder of RSB. He is deemed to be interested in the Proposals by virtue of his position as one of the Vendors, as well as his existing substantial interests in all the Acquirees.

(b) TTSH and TSL are major shareholders of RSB. They are deemed to be interested in the Proposals by virtue of their positions as Vendors.

(c) TKK and Tiong Chiong Ie are the Directors of RSB. They are deemed to be interested in the Proposals by virtue of their family relationships with Tan Sri Tiong.

(d) TCO is a director of RSB. He is deemed to be interested in the Proposals by virtue of his position as one of the Vendors and his family relationship with Tan Sri Tiong.

The shareholdings of the aforementioned interested persons in RSB as at 22 December 2009 are as follows:-

	Direct		**Indirect**	
	No of Shares	**%**	**No of Shares**	**%**
Tan Sri Tiong	300,000	0.23	[a] 69,343,794	54.06
TTSH	31,037,594	24.20	-	-
TSL	7,047,500	5.49	[b] 47,410,994	36.96
PAA	10,903,600	8.50	[c] 17,033,900	13.28
TTSE	1,300,300	1.01	[d] 15,073,100	11.75
TKK	[e] 1,813,600	1.41	[f] 2,027,300	1.58
TCO	621,200	0.48	[g] 26,000	0.02
Tiong Chiong Ie	200,000	0.16	[h] 484,000	0.38

Notes:-

(a) Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA, RHSA, RHS and Rejang Healthcare Sdn Bhd pursuant to Section 6A of the Act, and his spouse's and children's interests in the Company.

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

(c) Deemed interested by virtue of its interests in RHSA and RHS pursuant to Section 6A of the Act.

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

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

(f) Deemed interested by virtue of his interest in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 6A of the Act.

(g) Deemed interested by virtue of his spouse's interest in the Company.

(h) Deemed interested by virtue of his interest in Priharta Development Sdn Bhd pursuant to Section 6A of the Act.

In view of the above, the Proposed Acquisitions are regarded as related party transactions pursuant to Paragraph 10.08(4) of MMLR.

Accordingly, Tan Sri Tiong, TKK, TCO and Tiong Chiong Ie have abstained and will continue to abstain from voting and deliberating on the Proposals at all Board meetings of the Company. The abovementioned Directors and major shareholders will also abstain and will undertake to ensure that any persons connected with them will abstain from voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming extraordinary general meeting, in respect of their direct and/or indirect shareholdings in RSB.

12. DIRECTORS' STATEMENT

After taking into consideration all aspects of the Proposals, the Board (except for Tan Sri Tiong, TKK, TCO and Tiong Chiong Ie, who are interested in the Proposals) is of the opinion that the Proposals are fair and reasonable and in the best interest of the RSB Group.

13. PRINCIPAL ADVISER AND INDEPENDENT ADVISER

MIMB has been appointed as the Principal Adviser to RSB for the Proposals.

In view that the Proposed Acquisitions are regarded as related party transactions pursuant to Paragraph 10.08(4) of MMLR, the Board has appointed Public Investment Bank Berhad as the Independent Adviser to advise the non-interested shareholders of RSB in relation to the Proposals.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposals are expected to be completed by the 1st half of 2010.

15. COMPLIANCE WITH THE EQUITY GUIDELINES

To the best of the knowledge and belief of RSB and MIMB, the terms of the Proposals have not departed from the Equity Guidelines.

16. SUBMISSION TO AUTHORITIES

The submissions to the relevant authorities in respect of the Proposals are expected to be made within three (3) months from the date of this announcement.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The SSAs, Agreement and the Valuation Reports in relation to the Proposed Acquisitions are available for inspection at the registered office of RSB at No. 85-86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak, during normal office hours from Monday to Friday (except for public holidays) for a period of at least three (3) months from the date of this announcement.

This announcement was dated 30 December 2009.