
6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.1 THE GLOBAL ECONOMY

In 2005, global economic expansion was sustained at a strong pace of 4.3%. Growth was remarkably resilient against the backdrop of higher oil prices, rising interest rates, large balance of payment imbalances and disruptions from natural disasters. While the economies of the United States (US) and PR China remained major drivers of global growth, the recovery in Japan and the euro area in the second half-year gained momentum, providing additional support to the global economy. Consumer spending was sustained, reinforced to a significant extent by wealth effects, particularly from robust housing markets in several major economies. Reflecting robust demand conditions, stronger corporate financial positions and rising capacity utilisation, investment spending expanded further. Meanwhile, growth in the Asian region strengthened in the second half-year as the uptrend in the global electronics cycle became evident. Overall, higher global growth was reflected in the continued expansion in world trade, which rose at a strong pace of 7%.

In the Asian region, growth remained strong at 7.2% in 2005 following a milder-than-expected slowdown in the electronics sector. Growth, nevertheless, moderated slightly from the high base of 7.9% in 2004 in the face of surging oil prices, monetary tightening cycle and some slowdown in global IT demand. PR China continued to drive regional expansion with a revised growth estimate of 9.9%. Regional growth was broad based, underpinned by both external and domestic demand.

Going forward, the outlook for 2006 is for global expansion to remain positive. World output and world trade are projected to expand at a firm pace of 4.3% and 7.4% respectively in 2006. Global growth is expected to broaden across the major economies, with the economies of Japan and Europe playing a more significant role. Another notable feature is the stronger investment uptrend seen in several major economies. For the Asian region, the global electronics up-cycle is expected to strengthen further following higher ICT-related spending in the industrial economies and stronger intra-regional demand. While monetary stimulus has been reduced due to increased interest rates, monetary conditions continue to remain accommodative to growth.

(Source: Bank Negara Malaysia Annual Report 2005)

Moving forward, current trends in the global environment point to a more challenging external sector in 2006. While the global economy is expected to expand, there are still downside risks on the horizon. In particular, uncertainties still remain with respect to adjustments in the imbalances brought about by the sharp increases in oil prices. Given the likely pressure on general price levels, interest rate policy is likely to continue to tighten with rates expected to gradually continue its upward trend, especially in the United States.

(Source: Economic Report 2005/2006)

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6.2 THE MALAYSIAN ECONOMY

Notwithstanding the persistently high oil prices and the downturn in the global electronics cycle, real gross domestic product (GDP) expanded by 5.3%. Growth was private-sector driven and was underpinned by supportive macroeconomic policies and favorable financial conditions. Private consumer demand was sustained at a strong pace while the resilience in private investment further supported economic expansion. The public sector continued to take the opportunity of a favourable environment to consolidate its finances to more sustainable levels.

Given its strong fundamentals and the structural changes taking place in the region, Bank Negara Malaysia adjusted the exchange rate regime on 21 July 2005, moving from a pegged exchange rate against the US dollar to a managed float. The more flexible regime allows Malaysia to respond to changes in the international and domestic environment. The ringgit since appreciated to reach 3.7460 to the US dollar before closing the year at 3.78. Reflecting Malaysia's strong external conditions, the rate has continued to improve further to 3.7055 on 3 March 2006.

The prudent macroeconomic management by the Government further enhanced fundamentals of the Malaysian economy in 2005. The current account in the balance of payments remained in surplus, savings remained high, reserves increased, inflation remained at manageable levels and the external debt declined. In this context of sustained growth performance and fundamentals, the Government's continued commitment to strengthen its budgetary position was reflected in the narrowing of its budgetary deficit to 3.8% in 2005 from 4.3% of GDP in 2004. The Government's focus was on reallocating resources to smaller projects particularly in agriculture, construction, housing and for infrastructure development in rural areas. This progressive reduction in the deficit would provide the policy flexibility for the Government to mitigate potential adverse effects from uncertainties in the external sector. The Government recognised the need to help mitigate the higher international oil prices while ensuring price signals were transmitted efficiently, thus allowing economic agents to make the necessary adjustments to these developments. In 2005, the Government removed the price subsidies gradually, while in early 2006, a further adjustment was made to fuel prices effective 28 February. In order to improve predictability and allow agents to plan ahead, the Government also announced that no further adjustments would be made in 2006.

The Malaysian economy is expected to strengthen further in 2006. Real GDP is projected to grow at a faster rate of 6%, driven by strengthening exports and resilient domestic demand. The global semiconductor upcycle, sustained global growth and higher prices for primary commodities are expected to have positive effects on exports, as well as private consumption and investment.

Moving forward, the 2006 Budget put forth various proactive measures to enhance national resilience and the ability to face external challenges, arising from higher oil prices, higher global interest rates and increasing global competition. The National Biofuel Policy was launched at the end of 2005 to encourage private sector involvement in the production of biodiesel.

The Government will continue to focus on strengthening the fiscal position with the ultimate aim of supporting economic growth without compromising long-term fiscal sustainability. In 2006, prices are expected to increase, driven largely by cost-push factors. Nevertheless, inflation is expected to remain at manageable levels during the year as capacity expansion and productivity improvements in the domestic economy will help contain price pressures. Monetary policy will, therefore, remain supportive of growth. While downside risks remain, the strong macroeconomic fundamentals and diversified economic structure will provide economic resilience.

(Source: Bank Negara Malaysia Annual Report 2005)

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6.3 THE PALM OIL INDUSTRY

MPOB was established on 1 May 2000 to take over the functions of the Palm Oil Research Institute of Malaysia or PORIM and the Palm Oil Registration and Licensing Authority or PORLA, and with the principal objectives of promoting and developing the national objectives, policies and priorities for the orderly development and administration of the Malaysian palm oil industry. As the steward of the nation's palm oil industry, MPOB is responsible for providing the scientific and technological support to the Malaysian palm oil industry. MPOB's commitment to the industry is not limited to research and development, but also encompasses registration, licensing and enforcement activities.

(Source:- MPOB website at www.mpob.gov.my).

The Malaysian oil palm industry recorded a mixed performance in 2005 due to the continued strong growth in production. The prices and export earnings dipped, despite an increase in exports of all oil palm products during the year. This also resulted in higher closing stocks for the year. The total oil palm planted area increased by 4.5% or 174,000 hectares to 4.0 million hectares in 2005.

The production of crude palm oil continued to increase for seven consecutive years reaching 15.0 million tonnes in 2005 from 14.0 million tonnes the previous year. The impressive production growth of 7.1% was mainly attributed to the increase in matured areas, enhanced plantation and mill management, recovery in fresh fruit bunches yield per hectare to 18.88 tonnes and continued improvement in the OER to 20.15%. The increase in OER during the past two years can be partly attributed to the Productivity Campaigns carried out by MPOB. In the case of crude palm kernel oil, production also rose by 12.1% to 1.8 million tonnes in tandem with the increase in palm kernel production and crushings by 8.3% and 11.3% respectively.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

Crude palm oil (CPO), which is the most important crop in terms of value added in the agriculture sector (37%), saw another year of strong expansion, growing by 7% to reach a record high of 14.96 million tonnes in 2005. This represented the third consecutive year of strong growth (2004: 13.98 million tonnes, +4.7%; 2003: 13.36 million tonnes, +12.1%).

The Malaysian palm oil industry continued to make significant progress in terms of research and development. The Malaysian Palm Oil Board (MPOB) introduced 43 new technologies and products for commercialisation in the industry, and undertook 312 research projects during the year. The new breakthroughs were mainly in developing cost-effective milling and refining techniques, improving yields, minimising wastage, eradicating diseases and creating higher value-added palm-based products, as well as palm-based biomass.

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Another important development in the palm oil industry in 2005 has been the commercialisation of palm oil-based biofuel at a global level. Amidst the increase in energy prices, countries began to seek alternative sources of energy, particularly from renewable resources. Among the renewable energy resources, palm oil has distinct advantages over other sources both in terms of price competitiveness as well as ready availability as Malaysian palm oil stocks have consistently been above 1 million tonnes over the last three years. Malaysia has pioneered the development of this technology through sustained research and development efforts which began a few years ago. The current high energy price environment has made it both feasible and necessary for Malaysia to embark on palm oil-based biofuel on a large scale. This would help to meet the higher demands in energy consumption from domestic users, create a new source of export earnings and stabilise the volatility in CPO price movements.

In line with this development, in August 2005, the Government announced the formulation of the National Biofuel Policy, which will be completed in 2006. The policy would provide guidelines on biofuel usage for all related sectors (particularly transportation, petroleum companies and palm oil industries), in addition to standardising the B5 biodiesel mixture for the domestic market (5% from processed palm oil, 95% from petroleum diesel), and ensuring that the palm biodiesel (chemically known as methyl ester) produced for the external markets conform to international standards. As part of the biofuel policy, attractive incentives would also be provided to encourage the growth in the biodiesel industry in Malaysia. To date, the interest in this industry has been tremendous with five palm biodiesel plants in the pipeline to commence operations in late 2006. At the same time, a pilot project to utilise B5 biofuel in transportation vehicles would be implemented by selected Government agencies.

(Source: Bank Negara Malaysia Annual Report 2005)

Some of the statistics and performances of the palm oil industry in Malaysia for the past 3 years are summarised as follows:-

	2003	2004	2005
Planted area ('000 Ha)			
Mature	3,303	3,451	3,631
Immature	499	424	420
Yield - Malaysia			
FFB (tonnes / Ha)	18.99	18.60	18.88
OER (%)	19.75	20.03	20.15
PK Rate (%)	5.36	5.25	5.34
Yield - Sarawak			
FFB (tonnes / Ha)	12.91	13.92	14.69
OER (%)	21.28	21.11	21.58
PK Rate (%)	4.64	4.31	4.64
Production ('000 tonnes)			
CPO	13,355	13,976	14,962
PK	3,627	3,661	3,964
Export ('000 tonnes)			
Palm oil	12,266	12,582	13,446
PK oil	869	780	851

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	2003	2004	2005
Closing stock ('000 tonnes)			
Palm oil	1,167	1,490	1,604
PK	112	167	174
Annual average price (RM / tonne)			
CPO (local delivered)	1,544.00	1,610.00	1,394.00
PK (ex-mill)	732.00	1,063.00	1,017.00

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

6.3.1 Planted area

The area under oil palm segmented geographically into Peninsular Malaysia, Sabah and Sarawak for the past 3 years is set out in the following table:-

	Peninsular Malaysia		Sabah		Sarawak		Total	
	Mature	Immature	Mature	Immature	Mature	Immature	Mature	Immature
	Ha '000	Ha '000	Ha '000	Ha '000	Ha '000	Ha '000	Ha '000	Ha '000
2003	1,923	279	1,036	100	345	120	3,303	499
2004	1,964	237	1,081	84	406	103	3,451	424
2005	2,069	230	1,123	86	440	103	3,632	419

The total oil palm planted area registered with MPOB rose 4.5% or 176,047 hectares to 4,051,374 hectares at the end of 2005 as against the previous year. This increase was due to area expansion in Peninsular Malaysia, Sabah and Sarawak. Peninsular Malaysia recorded an increase of 97,002 hectares in planted area, mainly in Perak and Pahang. Sabah and Sarawak combined registered an increase of 79,045 hectares owing to expansion in new plantings. Sabah is still the largest oil palm planted state in the country accounting for 30% of the total area, followed by Johor with 16% and Pahang with 15%.

The total matured area in 2005 increased sharply by 5.2% or 180,480 hectares to 3,631,440 hectares or 90% of the total planted area. Peninsular Malaysia recorded an increase of 5.3% in matured area owing to replanted areas coming into maturity. The increment in Sabah and Sarawak was 5.1%. Sabah has the largest oil palm matured area accounting for 31% of the total matured area, followed by Johor with 17% and Pahang with 15%.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

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6.3.2 Yield and production

FFB

The average yield of fresh fruit bunches (FFB) in 2005 recorded an increase of 1.51% to 18.88 tonnes per hectare from 18.60 tonnes per hectare in 2004. Higher monthly average yield were attained only during the first five months of the year compared to the same month the previous year. The productivity of the palm trees during the period January-May was exceptionally high rising by 14.7% compared to the corresponding period in 2004. Despite the dryness in the past months, the higher yields during this period was supported by the continuation of strong yield trend since September 2004, better planting material used and improved plantation management practices. However, the downturn of the biological yield cycle contributed to the declining yield trend during the second-half of the year as compared to the same period last year.

CPO

Crude palm oil (CPO) production in 2005 increased by 7.1% to a new record of 14,961,654 tonnes from 13,976,182 tonnes in the previous year. The major factors which contributed to the increase in CPO production were the continued improvement in oil extraction rate to 20.15%, higher FFB yield, expansion in matured areas and better plantation and management practices. CPO production registered an uninterrupted growth for seven consecutive years.

The crude palm oil extraction rate (OER) in 2005 continued to remain impressive, recording the highest level in the history of the country's OER performance. The OER rose to 20.15% from 20.03% in 2004. The increase in OER can attributed to the on-going Productivity Campaigns carried out by MPOB and better plantation and mill management practices.

A total of 173 mills or 45.6% of the total palm oil mills in operation achieved OER above 20.00% compared to 160 mills the previous year. Another 96 mills (25.3%) achieved OER between 19.00% and 19.99%, while the remaining 110 mills (29.0%) recorded OER below 19.00%. None of the mills achieved OER below 17.0%, which is improvement compared to 2 mills in 2004.

PK

The production of palm kernel increased by 8.3% to 3,964,031 tonnes in 2005 as compared to the previous year. The increase in production was in tandem with the higher CPO production. Sabah remained the largest producer at 1,214,901 tonnes or 30.6% of the total production, followed by Johor at 790,344 tonnes (19.9%), Pahang at 615,676 tonnes (15.5%), Perak at 476,381 tonnes (12.0%) and Sarawak at 287,189 tonnes (7.2%).

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

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6.3.3 Export

The total exports of oil palm products, constituting of palm oil, palm kernel oil, palm kernel cake, oleochemicals and finished products, increased by 7.3% to 18.62 million tonnes compared to 17.36 million tonnes recorded the previous year. However, the total export value declined by 6.1% to RM28.60 billion in 2005 as against RM30.44 billion in 2004 primarily due to lower export prices of all oil palm products in 2005.

Palm oil exports increased by 6.9% or 0.86 million tonnes to 13.45 million tonnes. Higher export demand from the European Union, China, P.R, Egypt and the US contributed to the favorable export performance during the year. The total export value of palm oil in 2005, however, declined by 9.7% to RM20.03 billion compared to RM22.18 billion in 2004 primarily due to lower export prices.

The world major exporters of palm oil for the past 3 years are as follows:-

	2003 '000 MT	2004 '000 MT	2005(e) '000 MT
Malaysia	12,266	12,575	13,445
Indonesia	7,200	8,996	10,050
Papua New Guinea	327	348	343
Others	1,899	2,325	2,465
	<u>21,692</u>	<u>24,244</u>	<u>26,303</u>

(e) - estimate

Palm oil was still the largest oils and fats traded in the world, accounting for 52% of the total exports. Malaysia continued to be the world's largest exporter of palm oil, accounting for 13.4 million tonnes (or 51% of world palm oil exports), followed by Indonesia at 10.1 million tonnes (38%).

The world major importers of palm oil for the past 3 years are as follows:-

	2003 '000 MT	2004 '000 MT	2005(e) '000 MT
EU	3,593	3,945	4,534
China	3,353	3,851	4,350
India	4,067	3,451	3,326
Pakistan	1,468	1,432	1,675
Bangladesh	481	644	843
Others	8,832	10,629	11,680
	<u>21,794</u>	<u>23,952</u>	<u>26,408</u>

(e) - estimate

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For four (4) consecutive years, China, P.R. has been the largest export market for Malaysian palm oil. In 2005 export off-takes to China, P.R. amounted to 2,960,489 tonnes or 22.0% of the total palm oil export, followed by European Union 2,271,979 tonnes (16.9%), Pakistan 957,043 tonnes (7.1%), India 635,049 tonnes (4.7%), Egypt 608,835 tonnes (4.5%), USA 558,492 tonnes (4.2%), Bangladesh 510,473 tonnes (3.8%) and Japan 472,539 tonnes (3.5%). Cumulatively, these eight markets accounted for 66.8% or 8,974,899 tonnes of Malaysia's total palm oil exports in 2005.

Malaysian palm oil exports to most major markets recorded increases in 2005. The highest increase was to European Union (+305,872 tonnes or 15.6%), followed by Egypt (+273,610 tonnes or 81.6%), USA (+215,440 or 62.8%), China, P.R. (+154,591 tonnes or 5.5%), Ukraine (+151,140 tonnes or 630.0%), Bangladesh (+145,721 tonnes or 40.0%) and Turkey (+142,512 tonnes or 144.1%).

Exports to the EU increased significantly by 15.6% to 2.27 million tonnes from 1.97 million tonnes attained last year as a result of higher demand from both the edible and non-edible sectors. In the edible sector, higher demand for rapeseed oil in the production of bio-fuel had encouraged manufacturers to use palm oil in their products formulation. In the non-edible sector, the Government support measures and tax exemptions made palm oil and other vegetable oils the most viable alternative fuel to the more expensive fossil fuel.

The increase in export to China, P.R. by 5.5% to 2.96 million tonnes from 2.81 million tonnes was due to the decline in imports of soyabean oil and rapeseed oil. The higher import quota allocated to palm oil, amounting to 3.168 million tonnes, coupled with the competitive (landed) price of palm oil as against soyabean oil, also resulted in higher imports of palm oil by China, P.R. Its growing population as well as the country's strong economic growth in 2005 and the subsequent rising household income also led to the increased local consumption.

The major factor for the significant decline in Malaysia palm oil exports to India by 32.6% to 0.64 million tonnes from 0.94 million tonnes was due to the increase in import duty imposed on palm products since February, 2005. The basic duty on crude palm oil and crude palm olein is currently 80% as against 65% previously, whilst that on RBD palm oil and RBD palm olein is 90% vis-à-vis 75% previously. The basic duty on soyabean oil remains unchanged at 45%.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

Meanwhile, demand for palm oil from the US increased substantially by 79.4% (534,137 tonnes; 2004: +28.7%), as US food manufacturers began to increase the usage of palm oil as a substitute to other edible oils. Beginning 1 January 2006, the US Food and Drug Administration (FDA) would require food manufacturers to label products that contain *trans* fatty acid as clinical studies have linked *trans* fatty acid to serious diseases. Palm oil, which is *trans* fatty acid free, has benefited from this regulation.

(Source: Bank Negara Malaysia Annual Report 2005)

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6.3.4 Stock

Palm oil

The slow pace of palm oil exports vis-a vis production during the second-half of the year saw palm oil stocks gradually building up and closing at 1.6 million tonnes in 2005, an increase of 0.11 million tonnes or 7.6% against the previous year's closing level of 1.49 million tonnes.

PK

Palm kernel stocks began its uptrend during the second-half of the year owing to stronger production growth and slow down in crush demand. As a result, stocks reached its peak at 183,562 tonnes in November, up by 3.3% compared to the same month the previous year. By the end of December, the palm kernel stocks tapered slightly to 174,333 tonnes due to the seasonal decline in production. However, it was still higher by 4.1% compared to the previous year.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

6.3.5 Price

CPO price

The average crude palm oil price declined by 13.4% or RM216.00 to RM1,394.00 in 2005 as against RM1,610.00 the previous year. The high carry-over stocks at the beginning of the year coupled with the renewed concerns over the built-up in stocks during the second-half of the year and lower soyabean oil prices were among the contributing factors for the decline in crude palm oil prices. In addition, the depegging of the Ringgit Malaysia (RM) in July [2005] and market expectations that the RM will strengthen also dampened market sentiments.

PK price

The average price of palm kernel in 2005 declined by 4.3% or RM46.00 to RM1,017.00 from RM1,063.00 the previous year. Prices softened during the year due to the strong growth in production, higher stock levels and lower crude palm kernel oil prices in the domestic market.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

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6.3.6 Competition and industry players

In general, palm oil industry in Malaysia faces competitions from the following:-

- Other edible oil and fats products; and
- External and domestic players in the industry.

Other edible oil and fats products

The palm oil industry is facing strong rivalry from the world oils and fats market. The world's demand for edible oils and fats are mainly satisfied by 17 major sources. The world consumption of major oils and fats for the past 3 years is set out below:-

	2003 '000 MT	2004 '000 MT	2005(e) '000 MT
Soyabean oil	31,232	31,163	32,879
Palm oil	28,243	30,050	33,156
Rapeseed oil	12,718	14,829	15,914
Sunflower oil	8,892	9,583	9,546
Other vegetable oils	22,009	22,474	23,339
Animal oils/fats	22,579	23,001	23,374
	<u>125,673</u>	<u>131,100</u>	<u>138,208</u>

(e) - estimate

The world oils and fats supply demand situation was near equilibrium, primarily attributed to a higher opening stocks situation and significant output increases recorded for palm oil and soyabean oil. The growth in oils and fats production of 5.6% was slightly above that of consumption, which was up by 5.4%. This situation had led to an increase in the closing stock level by 7.8% in 2005.

World disappearance of oils and fats recorded a growth of 7.1 million tonnes or 5.4% to 138.2 million tonnes in 2005. This was due to the good demand, which had positive effects on world consumption of oils and fats as well as improved crushing margins, especially for rapeseed. The major oils consumed were palm oil at 33.1 million tonnes (or 24.0% of total consumption), followed by soyabean oil 32.9 million tonnes (23.8%) and rapeseed oil 15.9 million tonnes (11.5%). Palm oil registered the highest increase in consumption, rising by 3.1 million tonnes (10.3%), followed by soyabean oil, up by 1.7 million tonnes (5.5%), rapeseed oil by 1.1 million tonnes (7.3%). The increase in rapeseed oil consumption was due to the rising domestic requirement in the EU, especially Germany. The driving factors for this increase were the rising food demand, linked to the newly adopted GM labeling requirements as well as to cater for biodiesel production.

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Worlds oils and fats output in 2006 is forecast to increase moderately by 4.7% to 145.6 million tonnes following another expected production increase in palm oil, soyabean oil and rapeseed oil, up by 4.9%, 5.6% and 8.5% respectively. Likewise, world exports of oils and fats is also projected to increase only moderately by 6.7% to 53.7 million tonnes from 50.4 million tonnes in the previous year. This marginal export growth arising from lower growth in production, will result in the world consumption of oils and fats equally rising only moderately by 5.0% to reach 145.1 million tonnes. The expected higher consumption of oils and fats vis-à-vis production will invariably result in a small increase in closing stocks, up by only 25% to 15.8% million tonnes.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

Generally, palm oil contains a rich source of Carotenoids, Vitamin E and other essential fatty acids which are important for health and nutrition. Besides, palm oil does not contain any cholesterol and trans fatty acids.

External competition from other producing countries as compared to Malaysia

The list of major palm oil producers and their respective annual contributions over the last 3 years are set out below:-

	2003 '000 MT	2004 '000 MT	2005(e) '000 MT
Malaysia	13,354	13,976	14,962
Indonesia	10,530	12,350	13,600
Other countries	4,225	4,583	4,764
	<u>28,109</u>	<u>30,909</u>	<u>33,326</u>

(e) - estimate

Malaysia remained as the largest palm oil producer, accounting for 14.9 million tonnes or 44.9% of world production. Indonesia's production was estimated at 13.6 million tonnes in 2005, an increase of 10.1% from 12.4 million tonnes the previous year.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

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Domestic competition

As palm oil is a commodity, the direct competitions amongst the local plantation owners are expected to be minimal as the local industry players usually only compete for land and labour. Due to the scarcity of suitable land bank and the occasional shortage of labour forces, particularly foreign workers, the local industry players face challenges to counter rising production cost for palm oil.

On the milling sector, there are about 395¹ operating palm oil mills located throughout Malaysia as at 31 December 2005 of which 31 is located in Sarawak. Nevertheless, palm oil mills do not compete significantly for the supplies of FFB because these mills are usually constructed by the local players to cater for the FFB productions of their respective plantation estates. Competition amongst the local mills, however, may arise for the supply of FFB in the same region or location. In order to remain competitive, the mill players should ensure that their mills are strategically located, maintain and enhance good reputations, have large milling capacities, possess strong financial strengths and practise competitive pricings.

Notwithstanding, some of the major palm oil producers in Sarawak include BLD Plantation Berhad, Sarawak Oil Palm Plantation Berhad and Golden Hope Plantation Berhad.

1. *Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006*

6.4 PROSPECTS AND OUTLOOK OF THE INDUSTRY

The agriculture sector is expected to record a growth of 2% in 2006. Crude palm oil, which accounts for about one-third of the value-add in the agriculture sector, is expected to increase by 1.6% (2005: 7%). Output would be affected by biological yield downcycle after three successive years of strong output growth. The moderation in output growth is also due partly to expectations of a slower expansion in matured areas (+0.9%; 2005: 5.3%).

Receipts from palm oil exports are expected to increase by 6.3% (2005: -5.3%) amidst the higher export price of RM1,550 per tonne in 2006 (2005: RM1,456). The increase in price would be mainly demand-driven, supported by higher global demand, particularly from new users for palm-based biodiesel, as well as from traditional buyers. The expected higher demand from PR China is also encouraged by the abolition of the import quota on palm oil and a standardised import duty structure for all edible oils beginning 1 January 2006.

(Source: Bank Negara Malaysia Annual Report 2005)

Production of CPO is forecast to slow down to 15.1 million tonnes in 2006, up only marginally by 1.3%, after experiencing a strong production growth averaging 8% p.a. during the past three years. The lagged effects of previous dryness in key oil palm growing areas and the decline in the biological yield cycle following high productively the previous years are expected to affect yields at least up to August 2006. The increase in oil palm matured area coupled with improvements in yields from September onwards are likely to provide support for the slight increase in production this year.

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Increased supply availability from the carry-over stocks and increased production in 2006, coupled with competitive price of palm oil vis-à-vis other oils and fats is expected to support the increased demand from China, P.R and the US arising from the trans-fat labeling regulations. This would further increase exports of palm oil in 2006 to 13.89 million tonnes 13.44 million tonnes recorded in 2005.

The forecast smaller growth in CPO production is expected to mitigate the pressure of the higher palm oil carry-over stocks in 2006. Demand for palm oil also looks promising with the abolishment of palm oil import quota by China, P.R trans-fat labeling in the US and increasing worldwide demand for biodiesel. Coupled with this and the projected higher growth in world oils and fats demand against production, the average CPO price in 2006 is forecast to trend higher between RM1,400 and RM1,500 in the domestic market.

(Source:- Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006).

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

The palm oil industry will be encouraged to expand its activities overseas, particularly in countries with high demand for palm oil and derivatives. Collaboration between the palm oil industry and research institutions will be further intensified to accelerate the commercialisation of R&D findings to widen the base for new product development and improve manufacturing processes. Commercialisation of oil palm biomass products and biofuel will be expedited through greater private sector participation. Research on palm oil will focus on the utilisation of advanced oleochemical technology and biotechnology including nutraceutical and pharmaceutical products.

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

The National BioFuel Policy was announced by the YAB Prime Minister on 11 August 2005. The BioFuel Policy and its various incentives are aimed at encouraging the use of biofuel as an alternative to petroleum-based diesel or fossil fuel, promoting downstream activities and expanding the uses and usage of palm oil. The patented B5 blend biofuel, is a palm diesel fuel with 5% palm olein blended with 95% fossil fuel. The biofuel technology was developed by the MPOB and is also exported to Korea.

Demand for biodegradable fuels including palm diesel by developed countries such as the United States, Japan, the EU and Korea, is expected to reach 10.5 million tonnes by 2007. Currently, major producers of biodiesel in the EU use rapeseed, soya bean, sunflower and other edible oils to produce the methyl esters for fuel. Malaysia, with 3.6 million hectares of oil palm plantation and more than 360 palm oil mills, has the capacity and capability, and is thus well-positioned to meet the increasing global demand for biodegradable fuels.

(Source:- Economic Report 2005/2006).

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.5 PROSPECTS AND FUTURE PLANS OF OUR GROUP

We plan to develop and commence cultivation of oil palm on our existing plantable land bank of approximately 1,911 Ha in the second half of 2006. In addition, we are actively sourcing for suitable land bank in Malaysia with the aim of increasing our plantation land bank for oil palm cultivation in the next 4 years to supplement and increase the FFB supply to our palm oil mill (which is presently operating at about 56% of its production capacity) and to reap the benefits of economies of scale.

The additional supplement of the FFB supply to our mill is also expected to enable us to reduce our dependence on the external supply of FFB in the future. Presently, about 48% of our FFB supply is sourced from external plantation estates. Hence, apart from reducing our cost of procuring the FFB from external sources, we would be able to maintain and improve the quality of a larger quantity of FFB supplied to our mill. As such, this is further expected to enhance our OER and PK Rate for CPO and PK productions respectively as well as our overall profitability.

We are optimistic and confident that with numerous opportunities offered or available in the palm oil industry and the continuous efforts and support provided by the Government, the general prospects of the industry appears positive. And coupled with our strategies and future plans as set out above, our overall prospects and growth are likely to remain encouraging.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The profiles of our Promoters and substantial shareholders, all of whom are Malaysians or companies incorporated in Malaysia, and their respective shareholdings in our Company before and after the IPO are set out below.

7.1.1 Shareholdings

Name	Principal Activities/ Designation	No. of Shares held before the IPO				No. of Shares held after the IPO			
		Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
TSTHK	Executive Chairman	1,803	1.63	78,226 ¹	70.95	1,557 ⁵	1.21	54,459 ¹	42.46
TTSH	Renting of properties and investment holding	44,585	40.44	-	-	31,038	24.20	-	-
TSL	Investment in corporate securities and cultivation of oil palm	10,126	9.19	68,100 ²	61.76	7,048	5.49	47,411 ²	36.96
RHSA ⁴	Investment holding and timber merchant	21,649	19.63	-	-	15,073	11.75	-	-
TTSE ⁴	Investment holding and cultivation of oil palm	1,866	1.69	21,649 ³	19.63	1,300	1.01	15,073 ³	11.75
PAA ⁴	Investment holding	-	-	21,649 ³	19.63	-	-	15,073 ³	11.75

Notes:-

1. Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA and RHSA pursuant to Section 6A of the Act.
2. Deemed interested by virtue of its interests in TTSH, TTSE and RHSA pursuant to Section 6A of the Act.
3. Deemed interested by virtue of its interest in RHSA pursuant to Section 6A of the Act.
4. RHSA, TTSE and PAA are only our substantial shareholders but not the promoters of our Company.
5. Assuming that the allocation of the Public Issue Shares to TSTHK will be subscribed in full based on his entitlement under the Pink Form Allocations.

7.1.2 Profile

- (a) **TSTHK**, a Malaysian aged 71, is our Executive Chairman. He is a businessman with vast and extensive experience in various business sectors including newspaper publishing, information technology, timber harvesting, timber processing, tree plantation and oil palm plantation. Over the years, TSTHK has started and built up the Rimbunan Hijau Group of Companies, a large diversified conglomerate which has interests in various businesses in Malaysia as well as outside Malaysia. Currently, TSTHK is the Executive Chairman and Managing Director of the Rimbunan Hijau Group.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- (b) **TTSH** was incorporated on 10 August 1983 as a private limited company under the Act. Its principal activities are renting of properties and investment holding. As at the Latest Practicable Date, the Board of Directors of TTSH comprises the following members:-

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

As at the Latest Practicable Date, the substantial shareholders and their respective shareholdings in TTSH are as follows:-

Name	No. of ordinary shares of RM1.00 held			
	Direct	%	Indirect	%
Priharta Development Sdn Bhd	2,830,000	13.48	-	-
TSTHK	2,143,000	10.20	3,257,000 ¹	15.51
TSL	3,257,000	15.51	-	-
Dr Tiong Ik King	2,830,000	13.48	-	-
Tiong Kiong King	2,830,000	13.48	-	-
Tiong Kiu King	1,570,000	7.47	-	-
Datuk Tiong Thai King	2,830,000	13.48	-	-
Tiong Chiong Ie	-	-	2,830,000 ²	13.48
Tiong Jin Choo	-	-	2,830,000 ²	13.48
Tiong Chiong Siong	-	-	2,830,000 ²	13.48

Notes:-

1. Deemed interested by virtue of his interest in TSL pursuant to Section 6A of the Act.
2. Deemed interested by virtue of their interests in Priharta Development Sdn Bhd pursuant to Section 6A of the Act.

- (c) **TSL** was incorporated on 2 May 1980 as a private limited company under the Act. Its principal activities are investment in corporate securities and cultivation of oil palm. As at the Latest Practicable Date, the Board of Directors of TSL comprises the following members:-

- (i) TSTHK; and
- (ii) Tiong Chiong Ong.

As at the Latest Practicable Date, the substantial shareholder and his shareholding in TSL are as follows:-

Name	No. of ordinary shares of RM1.00 held			
	Direct	%	Indirect	%
TSTHK	3,360,000	84.00	-	-

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- (d) **RHSA** was incorporated on 29 June 1999 as a private limited company under the Act. Its principal activities are investment holding and timber merchant. As at the Latest Practicable Date, the Board of Directors of RHSA comprises the following members:-

- (i) TSTHK; and
- (ii) Datuk Tiong Thai King.

As at the Latest Practicable Date, the substantial shareholders and their respective shareholdings in RHSA are as follows:-

Name	No. of ordinary shares of RM1.00 held			
	Direct	%	Indirect	%
TTSE	100,000	47.62	-	-
PAA	100,000	47.62	-	-
TSL	-	-	100,000	47.62 ¹
TSTHK	10,000	4.76	200,000	95.24 ²

Notes:-

1. Deemed interested by virtue of its interest in TTSE pursuant to Section 6A of the Act.
2. Deemed interested by virtue of his interests in TSL, TTSE and PAA pursuant to Section 6A of the Act.

- (e) **TTSE** was incorporated on 27 January 1989 as a private limited company under the Act. Its principal activities are investment holding and cultivation of oil palm. As at the Latest Practicable Date, the Board of Directors of TTSE comprises the following members:-

- (i) TSTHK; and
- (ii) Datuk Tiong Thai King.

As at the Latest Practicable Date, the substantial shareholders and their respective shareholdings in TTSE are as follows:-

Name	No. of ordinary shares of RM1.00 held			
	Direct	%	Indirect	%
TSL	3,000,000	30.00	-	-
TSTHK	-	-	3,000,000 ¹	30.00

Note:-

1. Deemed interested by virtue of his interest in TSL pursuant to Section 6A of the Act.

- (f) **PAA** was incorporated on 29 January 1989 as a private limited company under the Act. Its principal activity is investment holding. As at the Latest Practicable Date, the Board of Directors of PAA comprises the following members:-

- (i) TSTHK; and
- (ii) Tiong Choon.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the Latest Practicable Date, the substantial shareholder and his respective shareholdings in PAA are as follows:-

Name	No. of ordinary shares of RM1.00 held			
	Direct	%	Indirect	%
TSTHK	9,999	99.99	-	-

7.1.3 Changes in Shareholdings

Save for the following, there has been no change in the shareholdings of the substantial shareholders and Promoters in our Company since our incorporation.

Name	After Acquisitions				After Offer for Sale				After Public Issue			
	No. of Shares held		% Indirect		No. of Shares held		% Indirect		No. of Shares held		% Indirect	
	Direct	%	Indirect	%	Direct	%	Indirect	%	Direct	%	Indirect	%
	'000		'000		'000		'000		'000		'000	
TSTHK	1,803	1.63	78,226 ¹	70.95	1,257	1.14	54,459 ¹	49.39	1,557 ⁴	1.21	54,459 ¹	42.46
TTSH	44,585	40.44	-	-	31,038	28.15	-	-	31,038	24.20	-	-
TSL	10,126	9.19	68,100 ²	61.76	7,048	6.39	47,411 ²	43.00	7,048	5.49	47,411 ²	36.96
RHSA	21,649	19.63	-	-	15,073	13.67	-	-	15,073	11.75	-	-
TTSE	1,866	1.69	21,649 ³	19.63	1,300	1.18	15,073 ³	13.67	1,300	1.01	15,073 ³	11.75
PAA	-	-	21,649 ³	19.63	-	-	15,073 ³	13.67	-	-	15,073 ³	11.75

Notes:-

1. Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA and RHSA pursuant to Section 6A of the Act.
2. Deemed interested by virtue of its interests in TTSH, TTSE and RHSA pursuant to Section 6A of the Act.
3. Deemed interested by virtue of its interest in RHSA pursuant to Section 6A of the Act.
4. Assuming that the allocation of the Public Issue Shares to TSTHK will be subscribed in full based on his entitlement under the Pink Form Allocations.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.2 DIRECTORS

The profiles of our Directors, all of whom are Malaysians, and their respective shareholdings in our Company before and after the IPO are set out below.

7.2.1 Shareholdings

Name	Designation	No. of Shares held before the IPO				No. of Shares held after the IPO			
		Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
TSTHK	Executive Chairman	1,803	1.63	78,226 ¹	70.95	1,557 ⁴	1.21	54,459 ¹	42.46
Tiong Kiong King	Non-Independent Non-Executive Vice Chairman	933	0.85	4,347 ²	3.94	949 ⁴	0.74	3,027 ²	2.36
Tiong Chiong Ong	Managing Director	373	0.34	-	-	559 ⁴	0.44	-	-
Tiong Chiong Ie	Non-Independent Non-Executive Director	-	-	3,542 ³	3.21	300 ⁴	0.23	2,466 ³	1.92
Bong Wei Leong	Independent Director	-	-	-	-	25 ⁴	0.02	-	-
Tiong Ing Ming	Independent Director	-	-	-	-	25 ⁴	0.02	-	-

Notes:-

1. Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA and RHSA pursuant to Section 6A of the Act.
2. Deemed interested by virtue of his interest in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 6A of the Act.
3. Deemed interested by virtue of his interest in Priharta Development Sdn Bhd pursuant to Section 6A of the Act.
4. Assuming that the allocations of the Public Issue Shares to our eligible Directors will be subscribed in full based on their respective entitlements under the Pink Form Allocations.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.2.2 Profile

- (a) **TSTHK** – He was appointed to our Board of Directors on 14 February 2006. Please refer to Section 7.1.2 of the Prospectus for his profile.
- (b) **Mr Tiong Kiong King**, a Malaysian aged 58, is our Non-Independent Non-Executive Vice Chairman. He was appointed to our Board of Directors on 14 February 2006. He joined the Rimbunan Hijau Group in 1975 where he has held various positions including being a Director in TR since December 1997. He has more than 35 years of managerial experience in the timber industry. He is the President for both Sibu Chinese Chamber of Commerce and Industry and the Associated Chinese Chamber of Commerce and Industry of Sarawak and Vice President of the Associated Chinese Chamber of Commerce and Industry of Malaysia. Mr Tiong holds directorship in Subur Tiasa Holdings Berhad, a company listed on the Main Board of Bursa Securities, and several private limited companies.
- (c) **Mr Tiong Chiong Ong**, a Malaysian aged 47, is our Managing Director. He was appointed to our Board of Directors on 14 February 2006. He graduated with a Bachelor of Law and Economics from Monash University, Australia in 1984 and joined our Group in 1986. He has more than 15 years of experience in various capacities in the plantation and timber industries. He is a member of the CPA Australia and a member of the Victorian and Sarawak Bar and the Institute of Approved Company Secretaries. Mr Tiong, who is a member of our Audit Committee, also holds directorship in EON Bank Berhad and several private limited companies.
- (d) **Mr Tiong Chiong Ie**, a Malaysian, aged 36, is our Non-Independent Non-Executive Director. He was appointed to our Board of Directors on 14 February 2006. He graduated with a Bachelor of Business in Information System from Monash University, Australia in 1994. He joined the Rimbunan Hijau group of companies in 1996 and has more than 10 years of managerial experience in the timber, transportation provider and shipping industry. Mr Tiong holds directorships in several public companies and private limited companies
- (e) **Mr Bong Wei Leong**, a Malaysian aged 38, is our Independent Director and Chairman of our Audit Committee. He was appointed to our Board of Directors on 14 February 2006. He graduated with a Bachelor of Business (Accountancy and Law) from Queensland University of Technology, Australia in 1993. He was a Partner of a public accountants firm prior to starting his own practice in 2004. He has more than 12 years of experience in providing auditing, accounting and taxation services to various clients. He is a member of the Malaysian Institute of Accountants and the CPA Australia. Mr Bong is also a non-executive Director of MP.
- (f) **Mr Tiong Ing Ming**, a Malaysian aged 48, is our Independent Director and a member of our Audit Committee. He was appointed to our Board of Directors on 14 February 2006. He graduated with a Bachelor of Building (Hons) from University of Melbourne, Australia in 1982 and began his career as Staff Quantity Surveyor with Kumpulan Ukur Bahan Sarawak from 1983 to 1994. Subsequently, he left to join Perunding Juru Ukur Bahan Tiong as Manager. His portfolio of quantity surveying services ranges from private sector to government projects. He is a registered quantity surveyor of the Board of Quantity Surveyors, Malaysia and a member of the Institution of Surveyors Malaysia.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.2.3 Directors' Remuneration

No remuneration was paid to our Directors for FY2005 and the aggregate remuneration (including any benefits in-kind) proposed to be paid to our Directors for services rendered for FY2006 is approximately RM400,000 as follows:-

Name	FY2006 Remuneration band
TSTHK	RM100,001 to RM150,000
Tiong Kiong King	RM50,001 to RM100,000
Tiong Chiong Ong	RM100,001 to RM150,000
Tiong Chiong Ie	RM50,001 to RM100,000
Bong Wei Leong	RM0 to RM50,000
Tiong Ing Ming	RM0 to RM50,000

7.2.4 Board Practices

According to our Articles of Association, one-third (or the number nearest to one-third) of our Directors are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every 3 years. However, a retiring Director is eligible for re-election at the meeting at which he retires. An election of Directors shall take place each year.

Any person appointed as a Director, either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In connection thereto, Tiong Kiong King, Tiong Chiong Ong, Tiong Chiong Ie, Bong Wei Leong and Tiong Ing Ming shall hold office only until the next annual general meeting, and shall then be eligible for re-election whilst the office of TSTHK shall vacant at the conclusion of the annual general meeting commencing next. He is eligible for re-appointment as a director to hold office until the next annual general meeting or be authorised to continue in office as a director until the next annual general meeting.

7.3 RELEVANT COMMITTEES

7.3.1 Audit Committee

The main functions of the Audit Committee include the following:-

- (a) to review with the auditors the nature and scope of the audit plans, their audit reports, major findings and their evaluations of our system of internal accounting controls;
- (b) to review our quarterly and annual financial statements before submission to our Board, focusing in particular on any change in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) to consider the appointment and reappointment of the external auditors and matters relating to their resignation;

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- (d) to review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (e) to review the assistance given by us or our employees to the auditors; and
- (f) to perform such other functions as may be requested by our Board.

The members of the Audit Committee are as follows:-

Name	Designation	Directorship
Bong Wei Leong	Chairman of the committee	Independent Director
Tiong Chiong Ong	Member of the committee	Managing Director
Tiong Ing Ming	Member of the committee	Independent Director

7.3.2 Remuneration Committee

The main functions of the Remuneration Committee include the following:-

- (a) providing assistance to our Board in determining the remuneration of executive Directors and certain senior management personnel;
- (b) providing assistance to our Board in discharging responsibilities relating to, amongst others, compensation strategy, succession planning, management development and other compensation arrangements; and
- (c) ensuring corporate accountability and governance in respect of our remuneration and compensation functions.

The members of the Remuneration Committee are as follows:-

Name	Designation	Directorship
Tiong Kiong King	Chairman of the committee	Non-Independent Non-Executive Vice Chairman
Tiong Chiong Ie	Member of the committee	Non-Independent Non-Executive Director
Bong Wei Leong	Member of the committee	Independent Director

7.3.3 Nomination Committee

The main functions of the Nomination Committee include the following:-

- (a) identifying and recommending to our Board, candidates for all directorships of our Company and Directors as members of the relevant Board committees;
- (b) evaluating the effectiveness of our Board and the relevant Board committees; and
- (c) ensuring an appropriate framework and succession planning for our Board.

The members of the Nomination Committee are as follows:-

Name	Designation	Directorship
Tiong Kiong King	Chairman of the committee	Non-Independent Non-Executive Vice Chairman
Bong Wei Leong	Member of the committee	Independent Director
Tiong Ing Ming	Member of the committee	Independent Director

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.4 KEY MANAGEMENT PERSONNEL

The profiles of our key management personnel, all of whom are Malaysians, and their respective shareholdings in our Company before and after the IPO are set out below.

7.4.1 Shareholdings

Name	Designation	No. of Shares held before the IPO		No. of Shares held after the IPO		
		Direct '000	% Indirect '000	Direct '000	% Indirect '000	%
Khoo Lian Hong	Chief Operating Officer	-	-	5	0.01	-
Pang Seng Nam	General Manager, Plantation	-	-	-	-	-
Robert Ling Tong Ung	Chief Accountant	-	-	41	0.03	-
Lee Che Poh	Acting Estate Manager, RHP Bakong I & II Estate	-	-	46	0.04	-
Philip Ngieng Hok Mui	Acting Estate Manager, RHP Bakong I & II Estate	-	-	46	0.04	-
Jeffrey Leong Heng Tak	Senior Plantation Manager, TR Estate	-	-	50	0.04	-
Sang Jiong Tion	Mill Manager, RHP Oil Mill	-	-	20	0.02	-

Assuming that the allocations of the Public Issue Shares to our key management personnel will be subscribed in full based on their respective entitlements under the Public Issue.

7.4.2 Profile

- (a) **Mr Khoo Lian Hong**, a Malaysian aged 51, is our Chief Operating Officer and is spearheading our management team in the day-to-day operations of our Group. After completing his pre-matriculation courses, he began his career in 1975 as Cadet Planter with Amalgamated Rubber Estates Limited, a company listed on the Hong Kong Stock Exchange, where he spent about 5 years in various positions. Subsequent to the takeover of Amalgamated Rubber Estates Limited by Asiatic Development Berhad, he continued to serve the latter company until his promotion to Acting Plantation Manager in 1982. His last held position was Regional Manager (West Malaysia). With around 31 years of experience in the plantation related sector, he joined us in 2006 to assume his current position. He is also a member of the Incorporated Society of Planters, Malaysia.
- (b) **Mr Pang Seng Nam**, a Malaysian aged 50, is our General Manager, Plantation and is responsible for the entire plantation operations of our Group. After completing his upper secondary school education, he began his career in 1976 as Agricultural Cadet with Sarawak Oil Palm Berhad where he spent about 24 years in various positions. He was promoted to Senior Estate Manager in 1996 before he left to join Woodman Plantation Sdn Bhd as Senior Plantation Controller in 2000. In 2002, he joined us to assume his current position. He is also a member of the Incorporated Society of Planters, Malaysia.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- (c) **Mr Robert Ling Tong Ung**, a Malaysian aged 44, is our Chief Accountant and he is responsible for our accounting, taxation and treasury functions. He graduated with a Bachelor of Accounting (Hons) from Universiti Malaya in 1986. He is a member of the Malaysian Institute of Accountants and an associate member of the Malaysian Institute of Taxation. Mr Ling had previously held various managerial positions in different companies ranging from the oil palm plantation to retail industries prior to joining RHP in 2004.
- (d) **Mr Lee Che Poh**, a Malaysian aged 55, is the Acting Estate Manager for RHP and is currently jointly in charge of the day-to-day plantation operations of Bakong I and II estates. He began his career with the Sarawak Land Development Board in 1968 as Field Assistant after completion of his secondary school education. He left the Department in 1975 and joined Sarawak Plantation Services Sdn Bhd as Senior Supervisor where he worked until 2000 and his last held position was Estate Manager. With more than 30 years of plantation experience, he joined RHP in 2001 as Assistant Manager before he was subsequently promoted to his present position in 2003.
- (e) **Mr Philip Ngieng Hok Mui**, a Malaysian aged 52, is the Acting Estate Manager for RHP and is currently jointly in charge of the day-to-day plantation operations of Bakong I and II estates. He began his career in sales and marketing activities after completion of his secondary school education in 1968. From 2000 to 2002, he worked with Kai Nguong Nursery Sdn Bhd as Senior Supervisor and in 2003 he joined PJP Pelita Lundu Plantation Sdn Bhd as Senior Supervisor. He later joined RHP in 2004 as Assistant Manager before being promoted in the same year to his present position.
- (f) **Mr Jeffrey Leong Heng Tak**, a Malaysian aged 49, is the Senior Plantation Manager for TR and is currently in charge of the day-to-day plantation operations of TR estates. He graduated with a Bachelor of Science in Agronomy from University of SouthWestern, United States in 1984 and in 1986, he obtained his Master of Science in Agronomy from University of Arkansas, United States. He began his career as a trainee with Teck Guan Plantations Sdn Bhd in 1987 before his promotion to the position of Estate In-Charge cum Head of Agronomic in 1989. He left in 1991 to join Behn Meyer & Bayer as Techno Commercial cum R&D Executive. He then rejoined Teck Guan Plantations Sdn Bhd as Manager in 1992. Between 1995 and 1998, he was the Plantation Administrator for Tung Hup Enterprise Sdn Bhd. He joined TR in 1998 as Plantation Manager and brings with him more than 10 years of plantation experience.
- (g) **Mr Sang Jiong Tion**, a Malaysian aged 30, is our Mill Manager, overseeing the day-to-day operations and maintenance of our mill. He obtained his Bachelor of Biological & Agricultural Engineering from Universiti Putra Malaysia in 1999 and upon graduation, he joined Kuala Lumpur Kepong Group as the Mill Assistant where he worked until 2004. Prior to joining RHP, he was with Elegant Palms Sdn Bhd where he took up the post as the Mill Manager. He joined RHP in 2005 to take up his present position.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.5 OTHER DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS

Save as disclosed below, none of our Promoters, substantial shareholders, Directors or key management personnel has any directorship or substantial shareholdings in other public companies for the past 2 years.

Name	Company	Date appointed/ (resigned)	Shareholdings			
			Direct '000	%	Indirect '000	%
TSTHK	EON Capital Berhad	-	-	-	118,640 ^a	17.11
	Jaya Tiasa Holdings Berhad	-	2,682	1.05	66,247 ^b	26.05
	Subur Tiasa Holdings Berhad	-	1,056	0.58	88,295 ^c	48.28
	Tri-M Technologies (Singapore) Limited	-	-	-	51,972 ^d	66.71
	Ming Pao Enterprise Corporations Limited	20.10.1995	150	0.04	252,488 ^e	62.31
	Sin Chew Media Corporation Berhad	01.03.1988	25,393	8.41	123,192 ^f	40.79
TTSH	Subur Tiasa Holdings Berhad	-	59,000	32.26	23,837 ^g	13.18
	Jaya Tiasa Holdings Berhad	-	62,529	24.59	285 ^h	0.11
	Sin Chew Media Corporation Berhad	-	94,834	31.40	-	-
	EON Capital Berhad	-	5,923	0.85	112,717 ⁱ	16.26
TSL	EON Capital Berhad	-	-	-	118,640 ^j	17.11
	Subur Tiasa Holdings Berhad	-	4,457	2.46	83,837 ^k	46.35
	Jaya Tiasa Holdings Berhad	-	348	0.15	65,369 ^l	25.71
	Sin Chew Media Corporation Berhad	-	19,416	6.43	101,192 ^m	33.75
Tiong Chiong Ong	EON Bank Berhad	24.02.2003	-	-	-	-
Tiong Chiong Ie	Technodex Berhad	06.12.2004	-	-	810 ⁿ	14.21
	Hornbilland Berhad	17.10.1998	-	-	224 ^o	14.92

Notes:-

- Deemed interested by virtue of his/its interests in TSL, R. H. Development Corporation Sdn Bhd and TTSH pursuant to Section 6A of the Act.
- Deemed interested by virtue of his interests in TSL, TTSH, TTSE and Tiong Toh Siong & Sons Sendirian Berhad pursuant to Section 6A of the Act.
- Deemed interested by virtue of his interests in Twintop Sdn Bhd, TSL, TTSH, TTSE and Tiong Toh Siong & Sons Sendirian Berhad pursuant to Section 6A of the Act.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- d. Deemed interested by virtue of his interest in Surreyville Pte Ltd pursuant to Section 6A of the Act.
- e. Deemed interested by virtue of his interest in Conch Company Limited pursuant to Section 6A of the Act.
- f. Deemed interested by virtue of his interests in R. H. Forestry Sdn Bhd, TSL, TTSH, TTSE, Rimbunan Hijau (Sarawak) Sdn Bhd and RHSA pursuant to Section 6A of the Act.
- g. Deemed interested by virtue of its interests in Twintop Sdn Bhd and Tiong Toh Siong & Sons Sendirian Berhad pursuant to Section 6A of the Act.
- h. Deemed interested by virtue of its interest in Tiong Toh Siong & Sons Sendirian Berhad pursuant to Section 6A of the Act.
- i. Deemed interested by virtue of its interest in R. H. Development Corporation Sdn Bhd pursuant to Section 6A of the Act.
- j. Deemed interested by virtue of its interests in R. H. Development Corporation Sdn Bhd and TTSH pursuant to Section 6A of the Act.
- k. Deemed interested by virtue of its interests in Twintop Sdn Bhd, TTSH, TTSE and Tiong Toh Siong & Sons Sendirian Berhad pursuant to Section 6A of the Act.
- l. Deemed interested by virtue of its interests in TTSH, TTSE and Tiong Toh Siong & Sons Sendirian Berhad pursuant to Section 6A of the Act.
- m. Deemed interested by virtue of his interests in TTSH, TTSE, RHSA and Rimbunan Hijau (Sarawak) Sdn Bhd pursuant to Section 6A of the Act.
- n. Deemed interested by virtue of his interest in Vital Focus Capital Sdn Bhd pursuant to Section 6A of the Act.
- o. Deemed interested by virtue of his interest in TYK Holdings Sdn Bhd pursuant to Section 6A of the Act.

7.6 RELATIONSHIPS OR ASSOCIATIONS

Save as disclosed below, there is no other relationship or association between our Promoters, substantial shareholders, Directors and key management personnel:-

- (a) TSTHK and Tiong Kiong King are brothers.
- (b) TSTHK and Tiong Kiong King is the father and uncle of Tiong Chiong Ong respectively.
- (c) TSTHK and Tiong Kiong King is the uncle of Tiong Chiong Ie.
- (d) Tiong Chiong Ong and Tiong Chiong Ie are cousins.
- (e) TSTHK is a Director and substantial shareholder of TTSH, TSL, RHSA and TTSE.
- (f) TSL is a substantial shareholder of TTSH, RHSA, PAA and TTSE.
- (g) TTSE and PAA are the substantial shareholders of RHSA.
- (h) Tiong Kiong King is a Director and a substantial shareholder of TTSH.
- (i) Tiong Chiong Ong is a Director of TSL.

7.7 SERVICE AGREEMENTS

There are no existing or proposed service agreements between our companies in the Group and our Directors or key management personnel.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.8 DECLARATIONS FROM THE PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.8.1 As at the Latest Practicable Date, none of our Promoters, Directors or key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):-

- (a) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) any judgment that was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) the subject of any order, judgement or ruling of any court of competent jurisdiction, government, or regulatory authority or body temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

7.8.2 As at the Latest Practicable Date, save for our following executive Directors who hold directorships in the following companies in Malaysia (which are not dormant), all our key management personnel are involved in our Group on a full time basis and are not involved in other businesses or corporations:-

TSTHK

Company	Principal activities
TTSH and its subsidiaries	Investment holding, renting of properties, reforestation, mining of mineral, timber logging and extraction, general trading and marketing, general contractor, rental of motor vehicles and equipment
Pemandangan Jauh Plantation Sdn Bhd and its subsidiaries	Investment holding and oil palm plantation
TTSE and its subsidiaries	Investment holding and timber contractor
Tiong Toh Siong & Sons Sdn Bhd	Investment holding, timber merchant, logging contractor and sale of timber
Rimbunan Hijau Holdings Sdn Bhd	Investment holding, trading in computer and rebuilding of logging truck parts and accessories
All Round Tyres Sdn Bhd	Retreading of tyres
Baram Lumber Development Sdn Bhd	Logging contract work and trading of timber logs
Cahaya Ladang Sdn Bhd	Plantation contract work
Culture Regalia Sdn Bhd	Investment holding
Darul Hijau Sdn Bhd	Investment holding and plantation contract work
Gabungan Tenaga Sdn Bhd	Mining

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Company	Principal activities
Haling Gaya Sdn Bhd	Trading of timber logs
Hose Mountain Logging Sdn Bhd	Logging contract work
Inland Timber Industries Sdn Bhd	Investment holding
Kalimantan Enterprise Sdn Bhd	Sale of limestone, marble and other mineral, and prospecting for gold and other mineral
Kebun Pelikok Sdn Bhd	Investment holding
Ladang Hijau (Sarawak) Sdn Bhd	Plantation
Leadstar Sdn Bhd	Mining
Lieen Groups Sdn Bhd	Timber operation
Mabong Mining Sdn Bhd	Mining
Marabong Lumber Sdn Bhd	Investment holding and timber contractor
Meli-Mujong Logging Sdn Bhd	Logging contract work and rental of heavy equipment and transportation
Optical Communication Engineering Sdn Bhd	Manufacturing and marketing of optical fibres and optical fibres cables
Pacific Hijau Sdn Bhd	Investment holding
Paku Kong Mining Sdn Bhd	Extractor, processors and dealer of antimony
Palmcolt Sdn Bhd	Oil palm plantation
Perindustrian Jaya Tiasa Sdn Bhd	Dealer of heavy equipment and part
RHSA	Investment holding and timber merchant
RH Forestry Sdn Bhd	Investment holding
RH Lundu Palm Oil Mill Sdn Bhd	Processing of palm oil
R.H. Biotecch Sdn Bhd	Laboratory services
R.H. Corporate Services Sdn Bhd	Provision of secretarial services
R.H. Mortgage & Loan Sdn Bhd	Money lending
R.H. Development Corporation Sdn Bhd	Investment holding
R.H. Forest Corporation Sdn Bhd	Development of planted forest
R.H. Land Sdn Bhd	Investment in real properties
R.H. Tours & Travel Agency Sdn Bhd	Tour operator and travel agent
R.H. Vision (Borneo) Sdn Bhd	Property development
Rejang Green Agriculture Supplies Sdn Bhd	Trading of fertilisers, agrochemical and agriculture tools
Rejang Healthcare Corporation Sdn Bhd	Investment holding
Rejang Height Sdn Bhd	Reforestation
Rejang Logging Co. Sdn Bhd	Timber merchant
Rimbunan Hijau (Sarawak) Sdn Bhd	Investment holding
Sarawak Forest Product Sdn Bhd	Production and sale of sawn and laminestone
Sarawak Plywood Sdn Bhd	Logging, sawn milling, marketing of logs and sawn timber
Sinchew-I Sdn Bhd	Provision of content to web and mobile user, web hosting and designing, web advertising, and web audio video broadcasting
Sin Chew Media Corporation Berhad	Publishing, printing and distribution of newspaper
Sri Idaria Plantation Sdn Bhd	Plantation contract work
Southern Gold Mining Development Sdn Bhd	Rebuilding of logging truck parts and accessories
Sovereign Hill Sdn Bhd	Logging contract work and rental of equipment
Splendid Standard Sdn Bhd	Sale of skin care and health product and provision of facial treatment services
Suria Permata Sdn Bhd	Property investment and development
Taman Logging Sdn Bhd	Logging contract work

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Company	Principal activities
Tiong Properties Sdn Bhd	Investment holding
Tiong Toh Siong Realty Sdn Bhd	Housing development
Transport Resources Sdn Bhd	Transport contractor
TSL	Investment in corporate securities and cultivation of oil palm
Yayasan Sin Chew	Charitable foundation

Mr Tiong Chiong Ong

Company	Principal activities
Borneo Infrastructure Development Sdn Bhd	Property development and management services
Cityvine Logistics Sdn Bhd	Transportation
Cityvine Superstore Sdn Bhd	Supermarket
Cityvine (M) Sdn Bhd	Sale of salmon fish, computer accessories and other general consumables
Cityvine Development Sdn Bhd	Contract work
Cityvine Holdings Sdn Bhd	Provision of management services
Cityvine Systems Sdn Bhd	Provision of consultancy services in information technology including supply and maintenance
Cityvine Foodcourt Sdn Bhd	Foodcourt
Cityvine Media Sdn Bhd	Commercial printing and design and provision of internet related services
C O Tiong Holding Sdn Bhd	Rental income
EON Bank Berhad	Financial service and banking
Nescaya Palma Sdn Bhd	Oil palm plantation
PJP Pelita Biawak Plantation Sdn Bhd	Oil palm plantation
PM Academy Sdn Bhd	Provision of training
Proexcel Sdn Bhd	Investment holding
R.H. Biotech Sdn Bhd	Laboratory services
R.H. Capital Sdn Bhd	Special purpose vehicle
R.H. Tour & Travel Agency Sdn Bhd	Tour operator and travel agent
Rimbunan Hijau Sdn Bhd	Logging contract work and sale of timber
Shimizu Sakura Sdn Bhd	Foodcourt and restaurant
Sibu Garden & Leisure (M) Sdn Bhd	Event organiser
Starcity Resources Sdn Bhd	Investment holding
TSL	Investment in corporate securities and cultivation of oil palm
TTSH	Renting of properties and investment holding

While Mr Tiong Chiong Ong is leading the overall management affairs and operational matters of our Group, TSTHK, as our Executive Chairman, provides strategic directions and leadership to our Group. Other than Sin Chew Media Corporation Berhad where TSTHK's involvement is similar to RSB, his involvement in the above companies is minimal and is merely on a non-executive basis. Hence, this would not be expected to affect his performance for our Group.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS,
DIRECTORS AND KEY MANAGEMENT PERSONNEL**

Mr Tiong Chiong Ong principally spends his time and effort on activities relating to our Group. He had been and has ensured that he would be able to fulfil and discharge his duties and responsibilities effectively as our full time Managing Director. His involvement in the above companies is minimal and merely on a non-executive basis. Hence, this would not be expected to affect his performance for our Group. In addition, he does not hold any key management position in or involved in the day-to-day operations of these companies.

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8. APPROVALS AND CONDITIONS

8.1 The Listing Scheme has been approved by:-

- (i) the MITI, on 19 August 2005; and
- (ii) the SC, pursuant to the Securities Commission Act, 1993 and the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests, on 28 October 2005 and 27 March 2006.

Pursuant to the SC's letter dated 28 October 2005, the SC has, via its letter dated 4 April 2006 granted RSB with an extension of time from 28 April 2006 to 28 July 2006 to fully implement the Listing.

The aforesaid approvals are subject to the following conditions.

8.2 **MITI approval dated 19 August 2005**

Details of conditions imposed	Status of compliance
(i) MIMB / RSB to obtain approval from the SC on the Listing Scheme and to comply with Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests ("SC Approval"); and	Complied via a letter of approval from the SC dated 28 October 2005.
(ii) Allocation of 38,500,000 Shares or 30% of our enlarged issued and paid-up share capital to Bumiputera investors pursuant to the Listing is subject to the approval of the MITI after SC Approval.	Complied. The MITI, via its letters dated 24 February 2006, 20 March 2006, 31 March 2006 and 10 April 2006, approved the allocation of up to 38,500,000 RSB Shares to certain Bumiputera investors. In the event that any Bumiputera investors approved by the MITI fail to subscribe for the portion of the RSB Shares allocated to them, the MITI had, via its letter dated 22 March 2006, approved for such number of RSB Shares to be held in trust by stakeholders to be appointed by us, for subsequent placements to Bumiputera investors (to be approved by the MITI) within a period of 12 months from the date of Listing ("MITI's Approval").

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8. APPROVALS AND CONDITIONS

8.3 SC approval dated 28 October 2005

Details of conditions imposed	Status of compliance
(i) MIMB / RSB is to fully disclose in the listing prospectus the risk factors arising from the following issues and the mitigating steps taken/ to be taken:-	
(a) Our reliance on a single customer for the entire CPO and PK production;	Complied. Please refer to Section 4.1.7 of this Prospectus.
(b) The non-payment or default in payments of the land premium in respect of the alienation of 205 hectares land (under Lot 65, Bok Land District) covering the oil mill to RHP; and	Complied. Please refer to Section 4.1.15 of this Prospectus.
(c) The disputes / possible disputes arising from the illegal occupation of local natives on 2 parcels of land within Lot 64, Sawai Land District where TR is the holder of the PL of the Lot;	Complied. Please refer to Section 4.1.15 of this Prospectus.
(ii) MIMB / RSB is to fully disclose in the listing prospectus the potential conflict of interest situation arising from our Directors / substantial shareholders' directorship/interests in EON Capital Berhad ("ECB") and EON Bank Berhad ("EBB") and the corporate relationship between ECB, EBB and MIMB, including justifications provided by MIMB to support its view that there is no conflict of interest arising from this corporate relationship;	Complied. Please refer to Section 9.4 (a) of this Prospectus.
(iii) With regard to the private placement, MIMB is to submit the following information to the SC, pertaining to the Private Placement prior to the date of Listing:-	To be complied with prior to the Listing.
(a) Name of placees / ultimate beneficiaries for nominee companies (if any);	
(b) Identification card / Passport / company registration numbers;	
(c) CDS numbers;	
(d) Home / business addresses;	
(e) Occupation / principal activities;	
(f) Date of listing of Placement Shares;	
(g) No of Placement Shares allocated;	
(h) Issue price of the Placement Shares; and	
(i) Name of placement agent;	

8. APPROVALS AND CONDITIONS

Details of conditions imposed	Status of compliance
(iv) We have to ensure that all non-trade debts owing to our Group by our Directors/substantial shareholders or companies related to our Directors/substantial shareholders (including the advance to Jayamax Plantation Sdn Bhd) have been settled prior to the date of Listing;	To be complied with. We had via our letter dated 3 May 2006 provided an undertaking to the SC that we would ensure all non-trade debts owing to our Group by our Directors/ substantial shareholders or companies related to our Directors/substantial shareholders (including the advance to Jayamax Plantation Sdn Bhd) would be fully settled prior to the date of Listing ("Settlement"). In relation thereto, we shall provide a written confirmation to the SC in respect of the Settlement prior to the date of Listing.
(v) The proceeds from the Offer for Sale are to be put into a trust account until the Listing;	To be complied with pursuant to the Listing.
(vi) Our Directors and substantial shareholders are to ensure that all business transactions between our Group and companies / parties related to our Directors and substantial shareholders, shall be negotiated and agreed at on an arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not detriment to our minority shareholders;	Noted and to ensure compliance. In this respect, all our Directors and substantial shareholders had, on 3 May 2006, provided their respective written undertakings to the SC to ensure compliance of this condition.
(vii) With regard to the over planting of oil palm trees into neighbouring estates, we are to complete the sale and purchase agreements with the vendors of the respective encroached lands prior to the registration of the Prospectus;	Complied. We had via our letter dated 3 May 2006 confirmed to the SC that the respective acquisitions of the said encroached lands have been completed.
(viii) 38,500,000 RSB Shares (33,500,000 Shares from the Offer for Sale and 5,000,000 new Shares from the Public Issue) should be allocated to Bumiputera investors to be approved by the MITI to comply with National Development Policy ("NDP") requirement;	Complied. Please refer to Section 8.2(ii) above. Notwithstanding, in line with the MITI's Approval as given in Section 8.2(ii) above, the SC had, via its letter dated 27 March 2006 approved for up to a maximum of 32,200,000 Offer Shares to be held in trust by stakeholders for subsequent placements to Bumiputera investors to be approved by the MITI within a period of 12 months from the date of Listing, in the event that any such Bumiputera investors approved by the MITI fail to subscribe for the RSB Shares allocated to them.

8. APPROVALS AND CONDITIONS

Details of conditions imposed

Status of compliance

Under such circumstances, MIMB is required to furnish:-

- | | | |
|------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| (ix) | The adviser / RSB should inform the SC on the status of compliance with the NDP requirement upon completion of the Listing; and | To be complied with after the Listing. |
| (x) | MIMB / RSB should fully comply with all the relevant requirements of the SC Guidelines in relation to the proposals. | Complied/To be complied with. |

- (a) a written undertaking to the SC to ensure that the Offer Shares to be held in trust by the stakeholders shall be placed out to Bumiputera investors to be approved by the MITI and that it will not deal with these shares other than for the purpose of placement to Bumiputera investors; and
- (b) the SC with the relevant information relating to the share placement upon implementation.

8.4 In connection with the SC's approval dated 28 October 2005, the SC had also via the same letter:-

- (a) approved our proposal for RHP to declare and pay a final tax-exempt dividend in respect of the FY2005 to its existing shareholders ("Final Dividends"), the proposed quantum of which together with the interim dividends (amounted to RM9,999,000 or 100% which was declared and paid by RHP to its existing shareholders on 9 August 2005) would in aggregate be not more than the entire audited PAT of RHP for the FY2005, prior to the implementation of the Acquisition of RHP.

In total, RHP had declared tax-exempt dividends of RM12,998,700 or 130% in respect of the FY2005 which include the Final Dividends of RM2,999,700 or 30% (which was paid on 6 February 2006) and the interim tax-exempt dividends of RM9,999,000 or 100%. The audited PAT of RHP for the FY2005 is approximately RM13.16 million.

- (b) taken note of the effect of the Listing Scheme on our equity structure as follows:-

	Before Listing Scheme (%)	After Listing Scheme (%)
Bumiputera	7.56	30.02
Non-Bumiputera	92.44	68.26
Foreigners	-	1.72
	<u>100.00</u>	<u>100.00</u>

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, there are no transactions, existing or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them.

9.1.1 Non-Recurrent Related Party Transactions

Save as disclosed below, we have not entered into any other non-recurrent related party transaction with our Directors, substantial shareholders, key management personnel and/or persons connected with them during the past 3 financial years ended 31 August 2005 and the 3-month financial period ended 30 November 2005 and which is significant in relation to the business of our Company and our subsidiary companies:-

- (a) RHP had entered into a conditional sale and purchase agreement dated 14 April 2005 with Lubuk Tiara Sdn Bhd for the acquisition by RHP of a portion of land measuring approximately 613 Ha within Lot 6, Dulit Land District, Miri Sarawak for a cash consideration of RM1,839,000; and
- (b) RHP had entered into a sale and purchase agreement dated 30 December 2005 with Suria Permata Sdn Bhd for the acquisition by RHP of 2 adjoining 4-storey shophouses measuring approximately 422.2 sq. meter identified as Sublots 52 and 53 within Lots 650 and 520, Block 10, Sibu Town District, Sarawak for a cash consideration of RM2,005,000.

9.1.2 Recurrent Related Party Transactions

Save as disclosed below, we have not entered into any other recurrent related party transaction of a revenue or trading in nature which are necessary for our day-to-day operations and in our ordinary course of business with certain related parties which involves the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("Recurrent Transactions") during the past 3 financial years ended 31 August 2005 and the 3-month financial period ended 30 November 2005.

Such Recurrent Transactions were negotiated on and agreed at arm's length basis, normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders. The Recurrent Transactions for the past 3 financial years ended 31 August 2005 and the 3-month financial period ended 30 November 2005 are as follows:-

Transacting parties	Companies within the Group	Interested related parties	Nature of transaction	¹ Value of transaction			
				FY2003 RM'000	FY2004 RM'000	FY2005 RM'000	² 2005 RM'000
Baram Trading Sdn Bhd	RHP/TR	TSTHK	▪ Purchase of FFB	704	2,679	4,005	1,343
		TTSH	▪ Rental of motor vehicles	-	-	(18)	-
		TSL					
Simalau Plantation Sdn Bhd	RHP	TSTHK TTSH TSL	Purchase of FFB	-	-	872	664

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

Transacting parties	Companies within the Group	Interested related parties	Nature of transaction	¹ Value of transaction			
				FY2003 RM'000	FY2004 RM'000	FY2005 RM'000	² 2005 RM'000
Pelita-Splendid Plantation Sdn Bhd	RHP	TSTHK TTSH TSL	Purchase of FFB	-	-	102	122
Lubuk Tiara Sdn Bhd	RHP	TSTHK TTSH TSL	Purchase of FFB			10	48
Rejang Green Agriculture Supplies Sdn Bhd	RHP/TR	TSTHK TTSH TSL Tiong Chiong Ong	Purchase of fertiliser and chemical	-	2,563	6,884	2,756
Tiong Toh Siong & Sons Sendirian Berhad	RHP/TR	TSTHK TTSH TSL Tiong Chiong Ong	Purchase of diesel	1,304	1,820	2,784	917
Evershine Agency Sdn Bhd	RHP/TR	TSTHK Tiong Chiong Ong Tiong Chiong Ie	Payment for insurance premium charged	137	159	159	86
Harmony Agencies Sdn Bhd	RHP/TR	TSTHK TTSH TSL PAA Tiong Kiong King	Payment for insurance premium charged	45	55	85	17
R.H. Tours & Travel Agency Sdn Bhd	RHP/TR	TSTHK TTSH TSL Tiong Kiong King Tiong Chiong Ong	Payment for transportation and accommodation charges	12	10	31	10
TTSH	RHP/TR	TSTHK TSL Tiong Kiong King Tiong Chiong Ong Tiong Chiong Ie	Payment for rental of premises	35	41	41	-
Luminous Crescent Sdn Bhd	RHP/TR	TSTHK TTSH TSL	Purchase of spare parts	-	252	77	-
Kejuruteraan Utama Sentiasa Sdn Bhd	RHP/TR	TSTHK TTSH TSL Tiong Kiong King	Purchase of spare parts	-	167	49	-

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

Transacting parties	Companies within the Group	Interested related parties	Nature of transaction	¹ Value of transaction			
				FY2003 RM'000	FY2004 RM'000	FY2005 RM'000	² 2005 RM'000
Rimbunan Hijau Holdings Sdn Bhd	RHP/TR	TSTHK TSL Tiong Kiong King Tiong Chiong Ong	Repair and maintenance for office equipment	9	26	58	13
Sarawak Plywood Sdn Bhd	RHP/TR	TSTHK TTSH TSL	Purchase of sawn timber	-	144	9	-
Rimbunan Hijau General Trading Sdn Bhd	RHP/TR	TSTHK TTSH TSL PAA Tiong Kiong King	<ul style="list-style-type: none"> ▪ Purchase of spare parts ▪ Harvesting and weeding tools ▪ Transportation, repair and maintenance and other general expenses. 	699	3,727	3,456	692
Jayamax Plantation Sdn Bhd	RHP/TR	TSTHK TTSH TSL Tiong Kiong King	<ul style="list-style-type: none"> ▪ Purchase of FFB ▪ Rental received 	- -	184 -	1,783 (18)	844 -
Sin Hong Guan Co. Sdn Bhd	RHP/TR	TSTHK TTSH TSL	Purchase of spare parts	43	141	92	49
Richtrade Sdn Bhd	RHP/TR	TSTHK TTSH TSL	Insurance premium charged	36	31	99	10
Sri Idaria Plantation Sdn Bhd	TR	TSTHK Tiong Kiong King	Rental of motor vehicles	-	-	12	-
Pemandangan Jauh Plantation Sdn Bhd	RHP/TR	TSTHK TTSH TSL Tiong Kiong King Tiong Chiong Ong	Management fee charged	-	-	30	-
Darul Hijau Sdn Bhd	RHP/TR	TSTHK	<ul style="list-style-type: none"> ▪ Transport charges ▪ Management fee 	- (12)	3 (12)	- (7)	- -

Notes:-

1. Aggregate value of transactions for the particular financial year/period.
2. For the 3-month financial period ended 30 November 2005.

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

As provided under Chapter 10 of the Listing Requirements, in order to mitigate any potential conflict of interest arising from such Recurrent Transactions, our Board shall seek the approval from our non-interested shareholders for a mandate in relation to the Recurrent Transactions at the next general meeting of the Company. Due to the time-sensitive nature of such transactions, the shareholders' mandate will enable us to enter into such Recurrent Transactions in our ordinary course of business without the need to convene numerous extraordinary general meetings to approve such Recurrent Transactions as and when they are entered into.

Bursa Securities had, via its letter dated 18 January 2006, granted RSB an extension of time from the date of Listing to our next extraordinary general meeting or annual general meeting, whichever is held earlier, to obtain shareholders' ratification for any Recurrent Transaction to be entered into with certain related parties which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them.

9.2 INTEREST IN SIMILAR BUSINESS

9.2.1 Save as disclosed below, as at the Latest Practicable Date, none of our Directors or substantial shareholders has any interest, direct or indirect, in other business or corporations carrying on a similar or related trade as our Group.

Directors/ Substantial shareholders	Name of Company	Principal activities	Equity interest	
			Direct %	Indirect %
TTSH	Baram Trading Sdn Bhd	Oil palm plantation	2.5	65.0 ¹
	Cahaya Ladang Sdn Bhd	Contractor for oil palm plantation	28.8	-
	Ladang Hijau (Sarawak) Sdn Bhd	Plantation	33.0	-
	Ladang Metah Sdn Bhd	Cultivation of oil palm	-	60.0 ²
	Jayamax Plantation Sdn Bhd	Cultivation of oil palm	20.0	60.0 ¹
	Lubuk Tiara Sdn Bhd	Development of oil palm plantation	-	65.0 ¹
	Nescaya Palma Sdn Bhd	Oil palm plantation	-	70.0 ¹
	PJP Pelita Biawak Plantation Sdn Bhd	Oil palm plantation	-	70.0 ¹
	PJP Pelita Ulu Teru Plantation Sdn Bhd	Cultivation of oil palm	-	60.0 ¹
	Pelita-Splendid Plantation Sdn Bhd	Cultivation of oil palm	-	70.0 ¹
	PJP Pelita Lundu Plantation Sdn Bhd	Cultivation of oil palm	-	60.0 ¹
	RH Lundu Palm Oil Mill Sdn Bhd	Processing of palm oil	-	21.3 ¹
	RH Selangau Palm Oil Mill Sdn Bhd	Processing and marketing of palm oil and sales of CPO	-	24.6 ¹
	Palmlyn Sdn Bhd	Oil palm plantation	-	100.0 ³
	Jobenar Raya Sdn Bhd	Cultivation of oil palm	30.0	-
	Simalau Plantation Sdn Bhd	Oil palm plantation	-	100.0 ⁴
	Hariyama Sdn Bhd	Oil palm plantation and timber operation	21.5	-

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

Directors/ Substantial shareholders	Name of Company	Principal activities	Equity interest		
			Direct %	Indirect %	
TSL	Baram Trading Sdn Bhd	Oil palm plantation	-	67.5 ⁵	
	Cahaya Ladang Sdn Bhd	Contractor for oil palm plantation	-	28.8 ⁶	
	Ladang Hijau (Sarawak) Sdn Bhd	Plantation	-	33.0 ⁶	
	Ladang Metah Sdn Bhd	Cultivation of oil palm	-	60.0 ⁷	
	Jayamax Plantation Sdn Bhd	Cultivation of oil palm	20.0	80.0 ⁵	
	Lubuk Tiara Sdn Bhd	Development of oil palm plantation	-	65.0 ⁵	
	Nescaya Palma Sdn Bhd	Oil palm plantation	-	70.0 ⁵	
	PJP Pelita Biawak Plantation Sdn Bhd	Oil palm plantation	-	70.0 ⁵	
	PJP Pelita Ulu Teru Plantation Sdn Bhd	Cultivation of oil palm	-	60.0 ⁵	
	Pelita-Splendid Plantation Sdn Bhd	Cultivation of oil palm	-	70.0 ⁵	
	PJP Pelita Lundu Plantation Sdn Bhd	Cultivation of oil palm	-	60.0 ⁵	
	RH Lundu Palm Oil Mill Sdn Bhd	Processing of palm oil	29.7	47.5 ⁸	
	RH Selangau Palm Oil Mill Sdn Bhd	Processing and marketing of palm oil and sales of CPO	29.7	49.2 ⁸	
	Palmlyn Sdn Bhd	Oil palm plantation	-	100.0 ⁹	
	Jobenar Raya Sdn Bhd	Cultivation of oil palm	-	30.0 ⁶	
	Simalau Plantation Sdn Bhd	Oil palm plantation	-	100.0 ¹⁰	
	TSTHK	Hariyama Sdn Bhd	Oil palm plantation and timber operation	-	21.5 ⁶
		Kuraya Enterprise Sdn Bhd	Oil palm plantation	-	85.0 ¹¹
Novelpac-Puncakdana Sdn Bhd		Oil palm plantation	-	85.0 ¹¹	
Darul Hijau Sdn Bhd		Contractor for oil palm plantation and investment holding	22.5	-	
Baram Trading Sdn Bhd		Oil palm plantation	-	67.5 ¹²	
Cahaya Ladang Sdn Bhd		Contractor for oil palm plantation	11.1	28.8 ¹³	
Ladang Hijau (Sarawak) Sdn Bhd		Plantation	11.6	33.0 ¹³	
Ladang Metah Sdn Bhd		Cultivation of oil palm	-	60.0 ¹⁴	
Jayamax Plantation Sdn Bhd		Cultivation of oil palm	-	100.0 ¹²	
Lubuk Tiara Sdn Bhd		Development of oil palm plantation	-	65.0 ¹²	
Nescaya Palma Sdn Bhd	Oil palm plantation	-	70.0 ¹²		
PJP Pelita Biawak Plantation Sdn Bhd	Oil palm plantation	-	70.0 ¹²		
PJP Pelita Ulu Teru Plantation Sdn Bhd	Cultivation of oil palm	-	60.0 ¹²		
Pelita-Splendid Plantation Sdn Bhd	Cultivation of oil palm	-	70.0 ¹²		
PJP Pelita Lundu Plantation Sdn Bhd	Cultivation of oil palm	-	60.0 ¹²		
RH Lundu Palm Oil Mill Sdn Bhd	Processing of palm oil	2.5	78.0 ¹⁵		

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

Directors/ Substantial shareholders	Name of Company	Principal activities	Equity interest	
			Direct %	Indirect %
	RH Selangau Palm Oil Mill Sdn Bhd	Processing and marketing of palm oil and sales of CPO	1.6	79.7 ¹⁵
	Palmlyn Sdn Bhd	Oil palm plantation	-	100.0 ¹⁶
	Jobenar Raya Sdn Bhd	Cultivation of oil palm	-	30.0 ¹³
	Simalau Plantation Sdn Bhd	Oil palm plantation	-	100.0 ¹⁷
	Hariyama Sdn Bhd	Oil palm plantation and timber operation	-	21.5 ¹³
	Kuraya Enterprise Sdn Bhd	Oil palm plantation	-	85.0 ¹⁸
	Novelpac-Puncakdana Sdn Bhd	Oil palm plantation	-	85.0 ¹⁸
TTSE	RH Lundu Palm Oil Mill Sdn Bhd	Processing of palm oil	26.2	-
	RH Selangau Palm Oil Mill Sdn Bhd	Processing and marketing of palm oil and sales of CPO	24.6	-
	Kuraya Enterprise Sdn Bhd	Oil palm plantation	-	85.0 ¹¹
	Novelpac-Puncakdana Sdn Bhd	Oil palm plantation	-	85.0 ¹¹
PAA	Kuraya Enterprise Sdn Bhd	Oil palm plantation	-	85.0 ¹¹
	Novelpac-Puncakdana Sdn Bhd	Oil palm plantation	-	85.0 ¹¹
Tiong Kiong King	Cahaya Ladang Sdn Bhd	Contractor for oil palm plantation	11.1	-
	Ladang Hijau (Sarawak) Sdn Bhd	Plantation	11.6	-
	Sri Indaria Plantation Sdn Bhd	Contractor for oil palm plantation	50.0	-
	RH Lundu Palm Oil Mill Sdn Bhd	Processing of palm oil	-	2.5 ¹⁹
	RH Selangau Palm Oil Mill Sdn Bhd	Processing and marketing of palm oil and sales of CPO	-	1.6 ¹⁹
Tiong Chiong Ong	Cahaya Ladang Sdn Bhd	Contractor for oil palm plantation	4.4	-
	Ladang Hijau (Sarawak) Sdn Bhd	Plantation	4.7	-
	RH Lundu Palm Oil Mill Sdn Bhd	Processing of palm oil	1.6	-
	RH Selangau Palm Oil Mill Sdn Bhd	Processing and marketing of palm oil	1.6	-

Notes:-

1. Deemed interested by virtue of its interest in Pemandangan Jauh Plantation Sdn Bhd pursuant to Section 6A of the Act.
2. Deemed interested by virtue of its interest in Ladang Hijau (Sarawak) Sdn Bhd pursuant to Section 6A of the Act.
3. Deemed interested by virtue of its interest in Subur Tiasa Holdings Berhad pursuant to Section 6A of the Act.
4. Deemed interested by virtue of its interest in Jaya Tiasa Holdings Berhad pursuant to Section 6A of the Act.
5. Deemed interested by virtue of its interests in TTSH and Permandangan Jauh Plantation Sdn Bhd pursuant to Section 6A of the Act.
6. Deemed interested by virtue of its interest in TTSH pursuant to Section 6A of the Act.

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

7. *Deemed interested by virtue of its interests in TTSH and Ladang Hijau (Sarawak) Sdn Bhd pursuant to Section 6A of the Act.*
8. *Deemed interested by virtue of its interests in TTSH, Pemandangan Jauh Plantation Sdn Bhd and TTSE pursuant to Section 6A of the Act.*
9. *Deemed interested by virtue of its interests in TTSH and Subur Tiasa Holdings Berhad pursuant to Section 6A of the Act.*
10. *Deemed interested by virtue of its interests in TTSH and Jaya Tiasa Holdings Berhad pursuant to Section 6A of the Act.*
11. *Deemed interested by virtue of its interest in Kendaie Oil Palm Plantation Sdn Bhd pursuant to Section 6A of the Act.*
12. *Deemed interested by virtue of his interests in TTSH, TSL and Pemandangan Jauh Plantation Sdn Bhd pursuant to Section 6A of the Act.*
13. *Deemed interested by virtue of his interests in TSL and TTSH pursuant to Section 6A of the Act.*
14. *Deemed interested by virtue of his interests in TSL, TTSH and Ladang Hijau (Sarawak) Sdn Bhd pursuant to Section 6A of the Act.*
15. *Deemed interested by virtue of his interests in Rejang Healthcare Corporation Sdn Bhd, TSL, TTSH, Pemandangan Jauh Plantation Sdn Bhd and TTSE pursuant to Section 6A of the Act.*
16. *Deemed interested by virtue of his interests in TSL, TTSH and Subur Tiasa Holdings Berhad pursuant to Section 6A of the Act.*
17. *Deemed interested by virtue of his interests in TSL, TTSH and Jaya Tiasa Holdings Berhad pursuant to Section 6A of the Act.*
18. *Deemed interested by virtue of his interests in TSL and Kendaie Oil Palm Plantation Sdn Bhd pursuant to Section 6A of the Act.*
19. *Deemed interested by virtue of his interest in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 6A of the Act.*

TSTHK, Tiong Kiong King and Tiong Chiong Ong have equity interests in certain companies as disclosed above. However, they are merely inactive shareholders in these companies and are not involved in the day-to-day operations of these companies. Hence, these stakes are not expected to affect their involvements in our day-to-day business operations particularly for Mr Tiong Chiong Ong who is our Managing Director.

9.2.2 Our Board does not foresee any material conflict of interest or business competition that may arise from the interests of our aforesaid Directors or substantial shareholders in other businesses or corporations carrying on a similar trade as our Group in view of the following:-

- (a) Save for RH Lundu Palm Oil Mill Sdn Bhd and RH Selangau Palm Oil Mill Sdn Bhd which are expecting their palm oil mills, located in Kuching and Sibul respectively, to be operational by middle of 2006, none of the companies stated in Section 9.2.1 of this Prospectus operates a palm oil mill nor do they intend to acquire or construct one in the near future. As these palm oil mills are located in different areas, they are not likely to compete with our palm oil mill as it would not be practical and cost effective to transport FFB produced from estates around Miri to their mills.
- (b) The only potential conflict of interest that may arise is the supply of FFB to our mill from these companies. Our Directors, however, believe that such conflict of interest would not be significant given that our entire FFB production has been and would continue to be delivered to our mill whilst the remaining requirements of the mill would be sourced from other plantation estates at the normal commercial rates. Currently, our FFB production caters to about 52% of our mill's requirements.

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

- (c) Most of the plantation estates of the abovementioned companies are located in various locations which are far from our plantation estates and palm oil mill, and therefore are not expected to be competing directly with us.

9.2.3 Nevertheless, our Board has proposed to take the following measures to mitigate any possible conflict of interest that may potentially arise as a result of our Directors' or substantial shareholders' interests in these businesses or corporations:-

- (a) It is our intention to acquire a controlling stake in some of the companies mentioned above, particularly those with sizeable land, when they have achieved sufficient profits in the near future such that their inclusions in our Group would not cause a significant dilution in our EPS or burden our earnings capability.
- (b) To safeguard our interest and to avoid a potential conflict of interest situation, our Audit Committee will, amongst others, monitor any transaction which we have entered into with our Directors or substantial shareholders and/or persons connected with them; and
- (c) All our Directors and substantial shareholders are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the Audit Committee. In addition, our Directors and substantial shareholders have given their undertakings that all business transactions entered into between our Group and themselves and/or persons connected with them shall be negotiated on and agreed at arm's length basis, normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

9.3 OTHER TRANSACTIONS

9.3.1 There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past 3 financial years ended 31 August 2005 and the 3-month financial period ended 30 November 2005.

9.3.2 There are no outstanding loans (including guarantees of any kind) made by us to or for the benefit of a related party in respect of the past 3 financial years ended 31 August 2005 and the 3-month financial period ended 30 November 2005.

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9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

9.3.3 Save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets which have been, within the past 3 financial years ended 31 August 2005 and the 3-month financial period ended 30 November 2005, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us:-

(a) Acquisitions of RHP, TR and RSHB

Name	Nature of Interests
TSTHK	Director of TTSH, TSL, RHSA, TTSE, RHP and TR Substantial shareholder of TTSH, TSL, RHSA, TTSE, RHP and TR
TTSH	Substantial shareholder of RHP and TR
TSL	Substantial shareholder of TTSH, RHSA, TTSE, RHP and TR
RHSA	Substantial shareholder of RHP
TTSE	Substantial shareholder of RHSA, RHP and TR
Tiong Chiong Ong	Director of TSL, RSHB and MP Substantial shareholder of RSHB and MP
Tiong Kiong King	Director of TTSH, TR and RSHB Substantial shareholder of TTSH
Bong Wei Leong	Director of MP

(b) A conditional sale and purchase agreement dated 14 April 2005 entered into between Lubuk Tiara Sdn Bhd and RHP for the acquisition by RHP of a portion of land measuring approximately 613 Ha within Lot 6, Dulit Land District, Miri Sarawak for a cash consideration of RM1,839,000.

Name	Nature of Interests
TSTHK, TTSH and TSL	Substantial shareholder of Lubuk Tiara Sdn Bhd and RHP
Tiong Kiong King	Director of Lubuk Tiara Sdn Bhd
Tiong Chiong Ie	Director of Lubuk Tiara Sdn Bhd

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9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

- (c) A sale and purchase agreement dated 30 December 2005 entered into between Suria Permata Sdn Bhd and RHP for the acquisition by RHP of 2 adjoining 4-storey shophouses measuring approximately 422.2 sq. meter identified as Sublots 52 and 53 within Lots 650 and 520, Block 10, Sibuloh District, Sarawak for a cash consideration of RM2,005,000.

Name	Nature of Interests
TSTHK	Director of Suria Permata Sdn Bhd and RHP Substantial shareholder of Suria Permata Sdn Bhd, TTSH, TSL and RHP
TTSH	Substantial shareholder of Suria Permata Sdn Bhd

9.4 DECLARATIONS BY THE ADVISERS

- (a) MIMB confirms that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent for the Listing.

Notwithstanding the above, as at the date of this Prospectus, MIMB wishes to highlight that certain of our substantial shareholders namely, TSTHK and TSL, and Directors namely, Mr Tiong Kiong King and Mr Tiong Chiong Ong (collectively known as the "Relevant Persons"), have an indirect substantial shareholding of approximately 17.1% as at 30 April 2006 in EON Capital Berhad, a public company listed on the Main Board of Bursa Securities. MIMB is a wholly-owned subsidiary of EON Bank Berhad, which in turn is wholly-owned by EON Capital Berhad (collectively known as the "EON Capital Group"). In addition, Mr Tiong Chiong Ong, our Managing Director, is also a non-executive Director of EON Bank Berhad.

The relationships between the Relevant Persons and EON Capital Group do not give rise to a material conflict of interest situation due to the following reasons:-

- (i) MIMB operates autonomously from the Relevant Persons. The Relevant Persons do not interfere with the daily operational matters of MIMB as the day-to-day operations of MIMB are guided by policy decisions emanated from its Chief Executive Officer and approved by its Board of Directors. At present, other than Mr Tiong Chiong Ong who is a non-executive Director of EON Bank Berhad, the Relevant Persons do not have any representative on the Boards of the EON Capital Group nor MIMB. Mr Tiong himself is not involved in the day-to-day operations of EON Bank Berhad and MIMB as his appointment as Director in EON Bank Berhad is on a "Non-Executive" basis. In this regard, MIMB would reasonably be expected to be independent of the Relevant Persons and free from any business or other relationship which could interfere with its exercise of judgement.

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

- (ii) MIMB's role as the Adviser for the Listing has been carried out professionally and objectively in accordance with the relevant terms of the due diligence planning memorandum. The due diligence processes and the verification exercises (which were participated by our Directors and senior management, our Reporting Accountants, our Solicitors, Independent Valuers, MIMB and other relevant advisers) have been duly undertaken and performed in relation to the preparation of relevant documents relating to our Listing.
- (iii) MIMB does not receive or derive any financial interest or benefit from the Public Issue other than the normal advisory and underwriting/placement fees charged.
- (b) Messrs. Reddi & Co. has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.
- (c) Messrs. Hii & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for the Listing.
- (d) Henry Butcher Malaysia (Miri) Sdn Bhd and Henry Butcher Malaysia Sdn Bhd have given their written confirmations that, as at the date of this Prospectus, there are no existing or potential conflict of interests in their capacity as the Independent Valuers for the Listing.

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