

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 10 October 2016. The approval from Bursa Securities has also been obtained on 22 September 2016 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The listing of and quotation for the Rights Shares will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved all the documentation relating to this Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Tuesday, 15 November 2016. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHB Investment Bank nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights Shares made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHB Investment Bank, being our Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



SARAWAK OIL PALMS BERHAD

(Company No. 7949-M)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 127,756,817 NEW ORDINARY SHARES OF RM1.00 EACH IN SARAWAK OIL PALMS BERHAD ("SOPB") ("SOPB SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING SOPB SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 15 NOVEMBER 2016 AT AN ISSUE PRICE OF RM2.80 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

Principal Adviser

RHB InvestmentBank

RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Tuesday, 15 November 2016 at 5.00 p.m.
Last date and time for sale of provisional allotment for the Rights Issue	: Tuesday, 22 November 2016 at 5.00 p.m.
Last date and time for transfer of provisional allotment for the Rights Issue	: Friday, 25 November 2016 at 4.00 p.m.
Last date and time for acceptance and payment for the Rights Issue	: Wednesday, 30 November 2016 at 5.00 p.m.
Last date and time for excess application and payment for the Rights Issue	: Wednesday, 30 November 2016 at 5.00 p.m.

This Abridged Prospectus is dated 15 November 2016

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANY PERSON TO GIVE ANY INFORMATION OR REPRESENT US IN RELATION TO THIS RIGHTS ISSUE. BEAR IN MIND ALSO THAT THIS ABRIDGED PROSPECTUS SHALL NOT REPRESENT OR IMPLY THAT THERE HAVE BEEN NO CHANGE IN OUR COMPANY'S AFFAIRS SINCE THE ISSUANCE OF THE ABRIDGED PROSPECTUS.

THE VALUATION UTILISED FOR THE PURPOSE OF THE CORPORATE EXERCISES SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

“Abridged Prospectus”	: This abridged prospectus dated 15 November 2016
“Acquisition”	: The acquisition of the Sale Shares by SOPB from SYHSB for the Total Cash Consideration
“Act”	: Companies Act, 1965
“ATM”	: Automated teller machine
“Authorised Nominee”	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
“Board”	: Board of Directors of SOPB
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CDS”	: Central Depository System
“CDS Account(s)”	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
“CH Williams” or the “Valuer”	: C H Williams Talhar Wong & Yeo Sdn Bhd (Company No. 24706-T)
“CMSA”	: Capital Markets and Services Act, 2007
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016
“Completion Date”	: The completion date of the Acquisition, which shall be within (30) days from the date when all the Conditions Precedent have been fulfilled or are satisfied or is waived by SOPB in accordance with the SSA or such other date as the Vendor and our Company may mutually agree in writing
“Conditions Precedent”	: The conditions precedent as set out in the SSA
“Corporate Exercises”	: Collectively, the Rights Issue and Acquisition
“Director(s)”	: Shall have the meaning given in Section 2(1) of the CMSA
“EGM”	: Extraordinary General Meeting
“Electronic Application”	: Application for the Rights Shares and/or Excess Rights Shares through the ATMs of Participating Financial Institutions
“Entitled Shareholder(s)”	: The shareholder(s) of SOPB whose names appear in the Record of Depositors of the Company on the Entitlement Date pursuant to the Rights Issue

DEFINITIONS (CONT'D)

“Entitlement Date”	:	5.00 p.m. on Tuesday, 15 November 2016, being the date and time on which the names of the Entitled Shareholders must appear in the Record of Depositors in order to be entitled to the Rights Shares pursuant to the Rights Issue
“EPS”	:	Earnings per share
“Ernst & Young” or “Reporting Accountants” or “Auditors”	:	Ernst & Young (AF 0039)
“ESOS”	:	Employee share option scheme established by SOPB on 12 March 2007
“ESOS Options”	:	Exercisable options granted under SOPB's existing ESOS
“Excess Rights Application”	:	Application(s) for Excess Rights Shares as set out in Section 10.6 of this Abridged Prospectus
“Excess Rights Share(s)”	:	Rights Shares which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounce(s) (if applicable) prior to excess application
“FFB”	:	Fresh fruit bunches
“FPE”	:	Financial period ended/ending, as the case may be
“Foreign Addressed Shareholder(s)”	:	Entitled Shareholders who have not provided us with a registered address in Malaysia
“FYE”	:	Financial year ended/ending, as the case may be
“Inter-Co Balances”	:	RM588,573,458, being the inter-company balances owing by SYOP to SYFSB, a separate subsidiary of the Vendor, as set out in the SSA
“Interested Directors”	:	Collectively, Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Lu Kuang and Tang Tiong Ing
“Interested Major Shareholders”	:	Collectively, Shin Yang Plantation Sdn Bhd, Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing
“Internet Participating Financial Institution”	:	Internet participating financial institutions for Internet Application as referred to in Section 10.3 of this Abridged Prospectus
“Lands”	:	Approximately 47,000 hectares of land in Sarawak owned by SYOP, of which approximately 23,798 hectares of the land have been fully planted with oil palms and approximately 6,772 hectares are suitable for oil palm cultivation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	24 October 2016, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC

DEFINITIONS (CONT'D)

"Market Day(s)"	:	Any day between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
"Maximum Scenario"	:	Assuming that all Outstanding ESOS Options are exercised and converted prior to the Entitlement Date
"Mill"	:	The palm oil mill sited on the Metanik 2 Estate, specifically on Lot 32, Block 89, Murum Land District, Belaga District, Kapit, Sarawak
"Minimum Scenario"	:	Assuming that none of the Outstanding ESOS Options are exercised and converted prior to the Entitlement Date
"NA"	:	Net assets
"NPA"	:	Notice of provisional allotment of the Rights Shares pursuant to the Rights Issue
"NRS"	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares through Bursa Depository's existing network facility with the Authorised Nominee
"Oil Palm Plantations"	:	Eleven (11) oil palm plantations known as Maleh, Menawan 1 and 2, Metanik 1 and 2, Penyuan 1, 2 and 3, Sehat and Seping 1 and 2 estates situated on Lots 30 – 42, all of Block 89, Murum Land District and Lots 40 – 64, all of Block 90, Punan Land District, Belaga Land District, Kapit, Sarawak
"Outstanding ESOS Options"	:	3,777,830 ESOS Options granted but unexercised as at the LPD
"PAT"	:	Profit after tax
"Participating Financial Institution"	:	Participating financial institutions for Electronic Applications as referred to in Section 10.3 of this Abridged Prospectus
"PBT"	:	Profit before tax
"Provisional Rights Share(s)"	:	Rights Shares provisionally allotted to our Entitled Shareholders
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the rules of depository
"RHB Investment Bank" or the "Principal Adviser"	:	RHB Investment Bank Berhad (Company No. 19663-P)
"Rights Issue"	:	Renounceable rights issue of up to 127,756,817 Rights Shares, on the basis of two (2) Rights Shares for every seven (7) existing SOPB Shares held on the Entitlement Date

DEFINITIONS (CONT'D)

“Rights Issue Entitlement File”	: An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee’s entitlements under the Rights Issue as at the Entitlement Date
“Rights Share(s)”	: Up to 127,756,817 new SOPB Shares to be issued pursuant to the Rights Issue
“Rights Shares Subscription File”	: An electronic file submitted by an Authorised Nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such Authorised Nominee’s subscription of the Rights Shares or Excess Rights Shares
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“RSF”	: Rights subscription form in relation to the Rights Issue
“Rules of Bursa Depository”	: The rules of Bursa Depository as issued pursuant to the SICDA
“Sale Shares”	: 2,000,000 SYOP Shares, representing the entire equity interest in SYOP
“SC”	: Securities Commission Malaysia
“SGD”	: Singapore Dollar
“Share Registrar”	: Symphony Share Registrars Sdn Bhd (Company No. 378993-D)
“SICDA”	: Securities Industry (Central Depository) Act, 1991
“SOPB” or the “Company”	: Sarawak Oil Palms Berhad (Company No. 7949-M)
“SOPB Group” or the “Group”	: Collectively, SOPB and its subsidiaries
“SOPB Share(s)” or “Share(s)”	: Ordinary share(s) of RM1.00 each in SOPB
“SSA”	: The conditional share sale agreement dated 4 July 2016 entered into between SOPB and SYHSB in relation to the Acquisition
“SYFSB”	: Shin Yang Forestry Sdn Bhd (Company No. 418036-D)
“SYHSB” or the “Vendor”	: Shin Yang Holding Sdn Bhd (Company No. 184468-H)
“SYOP”	: Shin Yang Oil Palm (Sarawak) Sdn Bhd (Company No. 877310-V)
“SYOP Assets”	: The Lands, Oil Palm Plantations and Mill held by SYOP with a total market value of RM906,130,000 as appraised by CH Williams
“SYOP Share(s)”	: Ordinary share(s) of RM1.00 each in SYOP
“TERP”	: Theoretical ex-rights price

DEFINITIONS (CONT'D)

"Total Cash Consideration"	:	The cash consideration in relation to the Acquisition totalling RM873,005,875, comprising of RM284,432,417 for the Sale Shares and the assumption of Inter-Co Balances of RM588,573,458
"Undertaking Shareholders"	:	The substantial shareholders of SOPB, who have provided their respective Undertakings, names of whom are set out in Section 3 of this Abridged Prospectus
"Undertaking(s)"	:	Irrevocable undertaking(s) from the Undertaking Shareholder(s), who have irrevocably undertaken <i>inter alia</i> to apply and subscribe in full for its/their respective entitlements of the Rights Shares based on its/their shareholdings as at the Entitlement Date as well as any unsubscribed Rights Shares under the Rights Issue in the manner as set out in Section 3 of this Abridged Prospectus
"USD"	:	United States of America dollar
"Valuation Certificate"	:	Valuation certificate by CH Williams dated 4 July 2016 on the Oil Palm Plantations and Mill
"Valuation Reports"	:	The valuation reports prepared by CH Williams dated 31 March 2016 to assess the market value of the Oil Palm Plantations and Mill
"VWAP"	:	Volume weighted average market price

All references to "our Company" and "SOPB" in this Abridged Prospectus are made to Sarawak Oil Palms Berhad and references to "our Group" or "SOPB Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Tan Sri Datuk Ling Chiong Ho <i>(Group Executive Chairman)</i>	Lot 409, Luak Bay 98000 Miri Sarawak	Malaysian	Company Director
Ling Chiong Sing <i>(Non-Independent Non-Executive Director)</i>	Lot 1378, Pujut 2C Jalan Pujut/Lutong 98000 Miri Sarawak	Malaysian	Company Director
Ling Lu Kuang <i>(Non-Independent Non-Executive Director)</i>	Lot 409, Luak Bay 98000 Miri Sarawak	Malaysian	Company Director
Tang Tiong Ing <i>(Non-Independent Non-Executive Director)</i>	Lot 2707, Boulevard Garden Jalan Taman Boulevard 1 98000 Miri Sarawak	Malaysian	Company Director/ Accountant
Hasbi Bin Suhaili <i>(Non-Independent Non-Executive Director)</i>	No. 12, Taman Won Jalan Matang 93050 Kuching Sarawak	Malaysian	Company Director
Gerald Rentap Jabu <i>(Non-Independent Non-Executive Director)</i>	Lot 218, Lorong 1B Jalan Wan Alwi 93350 Kuching Sarawak	Malaysian	Company Director
Kamri Bin Ramlee <i>(Non-Independent Non-Executive Director)</i>	Lot 3195, Lorong Pelita 1D Taman Pelita Jaya Jalan Sultan Tengah Petra Jaya 93050 Kuching Sarawak	Malaysian	Company Director
Dr. Lai Yew Hock, Dominic <i>(Independent Non-Executive Director)</i>	Lot 2109, Jalan Kelinai 1 Pujut 7C Jalan Pujut/Lutong 98000 Miri Sarawak	Malaysian	Company Director/ Lawyer
Fong Yoo Kaw @ Fong Yee Kow, Victor <i>(Independent Non-Executive Director)</i>	No. 292, Lorong Kedandi 14 Tabuan Dusun 93350 Kuching Sarawak	Malaysian	Company Director
Chua Chen San <i>(Independent Non-Executive Director)</i>	Lot 2577, Desa Seri 1 98000 Miri Sarawak	Malaysian	Company Director/ Accountant

CORPORATE DIRECTORY (CONT'D)**GROUP AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Fong Yoo Kaw @ Fong Yee Kow, Victor	Chairman	Independent Non-Executive Director
Tang Tiong Ing	Member	Non-Independent Non-Executive Director
Dr. Lai Yew Hock, Dominic	Member	Independent Non-Executive Director
Chua Chen San	Member	Independent Non-Executive Director

COMPANY SECRETARY : Eric Kiu Kwong Seng (LS0007062)
 No. 124-126
 Jalan Bendahara
 98000 Miri
 Sarawak

Tel : (6085) 436969
 Fax: (6085) 432929

REGISTERED OFFICE : No. 124-126
 Jalan Bendahara
 98000 Miri
 Sarawak

Tel : (6085) 436969
 Fax: (6085) 432929
 Website: <http://www.sop.com.my>

SHARE REGISTRAR : Symphony Share Registrars Sdn Bhd (378993-D)
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor

Tel : (603) 7849 0777
 Fax: (603) 7841 8151/8152

AUDITORS AND REPORTING ACCOUNTANTS : Messrs. Ernst & Young (AF 0039)
 Chartered Accountants
 4th Floor, Unit 4.1, Lot 698
 Wisma Yong Lung
 Pelita Commercial Centre
 98000 Miri
 Sarawak

Tel : (6085) 423 881
 Fax: (6085) 413 921

VALUER : C H Williams Talhar Wong & Yeo Sdn Bhd (24706-T)
 Lot 1139, Miri Waterfront Commercial Centre
 98000 Miri
 Sarawak

Tel : (6085) 432 480
 Fax: (6085) 411 786

CORPORATE DIRECTORY (CONT'D)

PRINCIPAL BANKERS

: AmBank (M) Berhad (8515-D)
No. 162, 164, 166 & 168
1st Floor, Jalan Abell
93100 Kuching
Sarawak

Tel : (6082) 244 791
Fax: (6082) 259 771

AmBank Islamic Berhad (295576-U)
No. 162, 164, 166 & 168
1st Floor, Jalan Abell
93100 Kuching
Sarawak

Tel : (6082) 244 791
Fax: (6082) 259 771

CIMB Bank Berhad (13491-P)
6th Floor, Wisma STA
26, Jalan Datuk Abang Abdul Rahim
93450 Kuching
Sarawak

Tel : (6082) 344 109
Fax: (6082) 343 862

Export-Import Bank of Malaysia Berhad (357198-K)
Aras 1, Exim Bank
Jalan Sultan Ismail
P.O. Box 13028
50250 Kuala Lumpur

Tel : (603) 2601 2000
Fax: (603) 2601 2100

Hong Leong Bank Berhad (97141-X)
1st Floor, Lot 715
Merbau Road
98008 Miri
Sarawak

Tel : (6085) 422 132
Fax: (6085) 418 696

Malayan Banking Berhad (3813-K)
6th Floor, Crown Towers
88, Jalan Pending
93450 Kuching
Sarawak

Tel : (6082) 332 552
Fax: (6082) 332 915

PRINCIPAL BANKERS (Cont'd)

OCBC Bank (Malaysia) Berhad (295400-W)
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur

Tel : 1300 88 7000
Fax: (603) 2698 4591

United Overseas Bank (Malaysia) Bhd (271809-K)
108 & 110
Jalan Bendahara
98000 Miri
Sarawak

Tel : (6085) 433 322
Fax: (6085) 422 221

SOLICITORS

: Messrs Reddi & Company, Advocates
Reddi Building
2nd and 3rd Floor
No. 393, Jalan Datuk Abang Abdul Rahim
93450 Kuching
Sarawak

Tel : (6082) 484 466
Fax: (6082) 484 477

PRINCIPAL ADVISER

: RHB Investment Bank Berhad (19663-P)
9th Floor, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel: (603) 9287 3888
Fax: (603) 9287 4770

STOCK EXCHANGE LISTING

: Main Market of Bursa Securities

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SARAWAK OIL PALMS BERHAD

(Company No. 7949-M)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

No. 124-126
Jalan Bendahara
98000 Miri
Sarawak

Tuesday, 15 November 2016

Board of Directors

Tan Sri Datuk Ling Chiong Ho	<i>(Group Executive Chairman)</i>
Ling Chiong Sing	<i>(Non-Independent Non-Executive Director)</i>
Ling Lu Kuang	<i>(Non-Independent Non-Executive Director)</i>
Tang Tiong Ing	<i>(Non-Independent Non-Executive Director)</i>
Hasbi Bin Suhaili	<i>(Non-Independent Non-Executive Director)</i>
Gerald Rentap Jabu	<i>(Non-Independent Non-Executive Director)</i>
Kamri Bin Ramlee	<i>(Non-Independent Non-Executive Director)</i>
Dr. Lai Yew Hock, Dominic	<i>(Independent Non-Executive Director)</i>
Fong Yoo Kaw @ Fong Yee Kow, Victor	<i>(Independent Non-Executive Director)</i>
Chua Chen San	<i>(Independent Non-Executive Director)</i>

To: Our Entitled Shareholders

Dear Sir/Madam

RENOUNCEABLE RIGHTS ISSUE OF UP TO 127,756,817 RIGHTS SHARES ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING SOPB SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 15 NOVEMBER 2016 AT AN ISSUE PRICE OF RM2.80 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

1. INTRODUCTION

On 4 July 2016, RHB Investment Bank, on behalf of our Board, announced that our Company had proposed, amongst others, to undertake the Rights Issue.

On 22 September 2016, RHB Investment Bank, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 22 September 2016, approved the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities, subject to, amongst others, the following conditions:-

	Condition(s)	Status of compliance
a)	SOPB and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied
b)	SOPB and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue;	To be complied
c)	SOPB and RHB Investment Bank to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders approving the Rights Issue and Acquisition prior to the quotation of the Rights Shares; and	To be complied
d)	SOPB to furnish Bursa Securities with a written compliance of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed.	To be complied

Our shareholders, at our EGM held on 10 October 2016, approved the Corporate Exercises. A certified true extract of the resolutions pertaining to the Rights Issue which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

On 1 November 2016, RHB Investment Bank had, on behalf of our Board, announced the following:-

- (i) the issue price of the Rights Shares has been fixed at RM2.80 per Rights Share; and
- (ii) the Entitlement Date has been fixed as at the close of business at 5.00 p.m. on Tuesday, 15 November 2016, along with the other relevant dates pertaining to the Rights Issue.

As you are an Entitled Shareholder, you will find enclosed in this Abridged Prospectus, a NPA notifying you of the number of Rights Shares which you are entitled to subscribe for under the terms of the Rights Issue and the RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for the Excess Rights Shares if you choose to do so. The Rights Shares that are not taken up or not validly taken up will be made available for Excess Rights Application. Any under-subscription will thereafter be subscribed by the Undertaking Shareholders as set out in **Section 3** of this Abridged Prospectus.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

The Rights Issue entails an issuance of up to 127,756,817 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing SOPB Shares held on the Entitlement Date.

The entitlement basis of two (2) Rights Shares for every seven (7) existing SOPB Shares held was arrived at after taking into consideration the quantum of funds to be raised by our Company to part finance the Acquisition (details of which are set out in **Section 2.4** and **Section 5** of this Abridged Prospectus) and the potential dilution in EPS upon the completion of the Corporate Exercises.

You can subscribe for and/or renounce your entitlements to the Rights Shares in full or in part. Any unsubscribed Rights Shares will be made available to other Entitled Shareholders and/or their renounce(s) (if applicable) under the Excess Rights Application. It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner on a basis as set out in **Section 10.6** of this Abridged Prospectus.

In determining the shareholder's entitlements under the Rights Issue, any fractional entitlements shall be disregarded and/or dealt with in such manner as our Board in its absolute discretion deems fit and expedient or in the best interest of our Company.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for Excess Rights Shares if you so choose to.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares will be credited directly into the respective CDS Accounts of the successful applicant. No physical share certificates will be issued but notices will be despatched to the successful applicant.

The notice of allotment will be despatched to you or your renounee(s)/transferee(s) within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares.

2.2 Basis of determining and justification for the issue price of the Rights Shares

As announced on 1 November 2016, our Board has fixed the issue price of the Rights Shares at RM2.80 per Rights Share after taking into consideration the following:-

- (i) the TERP of SOPB Shares of RM3.52, based on the five (5)-day VWAP of SOPB Shares up to and including 31 October 2016, being the last Market Day immediately preceding the price-fixing date of RM3.73; and
- (ii) the funding requirements of SOPB to part finance the Acquisition, details of which are set out in **Section 2.4** and **Section 5** of this Abridged Prospectus.

The issue price of RM2.80 per Rights Share represents a discount of approximately RM0.72 or 20.45% to the TERP of SOPB Shares of RM3.52, based on the five (5)-day VWAP of SOPB Shares up to and including 31 October 2016, being the last Market Day immediately preceding the price-fixing date of RM3.73 per SOPB Share.

2.3 Ranking of the Rights Shares

All the Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing SOPB Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

2.4 Details of the Acquisition

2.4.1 Particulars of the Acquisition

On 4 July 2016, RHB Investment Bank had, on behalf of the Board, announced that SOPB had, on even date, entered into a SSA with SYHSB to acquire its entire equity interest in the issued and paid-up share capital of SYOP and to assume the inter-company balances owing by SYOP to SYFSB, a subsidiary of the Vendor, for a Total Cash Consideration of RM873,005,875.

The Acquisition is undertaken in full reliance on the warranties and representations as set out in the SSA. Subject to the terms and conditions of the SSA, the SYOP Shares will be acquired free from all encumbrances, liens, charges and with all rights accruing to the SYOP Shares.

Subject to the relevant approvals being obtained and the fulfillment of the Conditions Precedent, SOPB will, upon completion of the Acquisition, hold the entire equity interest in SYOP, thereby making SYOP a wholly-owned subsidiary of SOPB.

Our shareholders had, at our EGM held on 10 October 2016, approved the Acquisition.

Our Company and the Vendor are in the process of fulfilling the Conditions Precedent of the SSA, which amongst others, include the completion of the Rights Issue.

The Accountants' Report prepared by Messrs. Ernst & Young is set out in **Appendix IV** of this Abridged Prospectus.

2.4.2 Basis and justification of the Total Cash Consideration

The Total Cash Consideration for the Acquisition is RM873,005,875, comprising the purchase consideration for all the Sale Shares for RM284,432,417 and the assumption of Inter-Co Balances of RM588,573,458. The Total Cash Consideration was arrived at on a 'willing-buyer willing-seller' basis after taking into consideration the following:-

- (i) the total market value of the SYOP Assets collectively amounting to RM906,130,000 as appraised by CH Williams on 31 March 2016 based on the investment method of valuation (i.e. discounted cash flows) further details of which are set out in **Appendix IX** of this Abridged Prospectus;
- (ii) the assumption of the Inter-Co Balances of RM588,573,458 owed by SYOP to SYFSB as a result of the transfer of biological assets and vehicles from SYFSB to SYOP, which was completed on 1 June 2016;

- (iii) the adjusted NA of SYOP based on SYOP's audited financial statements as at 31 March 2016, being the latest available audited financial statements prior to the signing of the SSA. The computation of the adjusted NA is set out as follows:-

	(RM'000)
Audited NA of SYOP as at 31 March 2016	19,119
Add: Fair value of the biological assets (i.e. oil palm trees)	565,160
Fair value of the vehicles (such as bulldozers, dump trucks, excavators, farm tractors)	23,413
Surplus arising from the revaluation of the Lands and Mill of SYOP	⁽¹⁾ 265,313
Adjusted NA	⁽²⁾873,005

Notes:-

- (1) The surplus arising from the revaluation of the Lands and Mill is calculated as follows:-

	(RM'000)
Fair value of the land and palm oil mill of SYOP	⁽³⁾ 340,970
Less : Adjusted net book value of the SYOP Assets as at 1 June 2016 ⁽⁴⁾	(75,657)
Surplus arising from the revaluation of the Lands and Mill	265,313

- (2) The Company estimates the potential deferred tax liabilities of the surplus arising from the revaluation of the Lands and Mill of SYOP would be approximately RM71.81 million.
- (3) Calculated based on the total market value of the SYOP Assets as appraised by CH Williams totalling RM906.13 million minus the fair value of the biological assets.
- (4) The adjusted net book value of the SYOP Assets as at 1 June 2016 is calculated as follows:-

	(RM'000)
Net book value of the SYOP Assets as at 1 June 2016	41,779
Less: Net book value of motor vehicles, office equipment, furniture, fittings and capital work-in-progress	(949)
Add: Net book value of the Land	34,827
Adjusted net book value of the SYOP Assets as at 1 June 2016	75,657

- (iv) the sizeable land banks held by SYOP of approximately 47,000 hectares, of which approximately 23,798 hectares have been fully planted with oil palms and approximately 6,772 hectares consist of undeveloped agricultural land suitable for oil palm cultivation;

- (v) the rationale for the Acquisition and future prospects of the SYOP Assets; and
- (vi) the strategic value creation to be derived from the SYOP Assets upon completion of the Acquisition as disclosed in **Section 7.3** of this Abridged Prospectus.

2.4.3 Rationale for the Acquisition

Our Group has an established presence in the oil palm cultivation business in East Malaysia and has built a credible and profitable track record for its yields, oil extraction rates and estate management practices. As at 31 December 2015, our Group has a total land bank of approximately 72,653 hectares of which approximately 63,517 hectares were planted and the remaining 9,136 hectares comprises of, amongst others, buildings, workers' quarters, unplanted and conservation areas. As at the LPD, our Group's oil palm trees had a weighted average age of 11.5 years. The palm age profile of our Group is as follows:-

Palm age (Years)	Area (Hectare)	Percentage (%)
Immature (below 4)	2,468	3.89
Young (4 to 10)	34,313	54.02
Prime (11 to 20)	21,263	33.48
Old (21 & above)	5,473	8.62
Total	63,517	100.00

The Acquisition is consistent with our Group's plans to continue to expand its oil palm cultivation business by acquiring new land banks in Sarawak. SYOP has a land bank of approximately 47,000 hectares in Sarawak, comprising approximately 23,798 hectares of planted oil palms and approximately 6,772 hectares of undeveloped agricultural land suitable for oil palm cultivation. The remaining unplanted areas of approximately 16,430 hectares primarily consist of, amongst others, conservation areas and estate roads. Furthermore, SYOP has a young crop profile, with a weighted average age of 6.8 years. In addition, the Acquisition will expedite our Group's upstream expansion as the Lands have been planted with approximately 6,716 hectares of immature palms (less than 4 years of age), which complements our Group's existing immature plantation hectareage of approximately 2,468 hectares.

The palm age profile of SYOP Assets is as follows:-

Palm age (Years)	Area (Hectare)	Percentage (%)
Immature (below 4)	6,716	28.22
Young (4 to 10)	12,388	52.05
Prime (11 to 20)	4,694	19.73
Total	23,798	100.00

Upon completion of the Acquisition, the total land bank of our Group will increase substantially by approximately 65% to 119,653 hectares, with planted hectares increasing by approximately 37% to 87,315 hectares. The crop profile of our Group will also adjust to a lower weighted average age of 10.2 years after the Acquisition, from 11.5 years. It is also pertinent to note that our Group will stand to benefit from the potential revenue and profit contribution from SYOP as and when the planted oil palms mature and come to the prime age for FFB production.

Our Board, save for the Interested Directors, is of the view that the Acquisition represents a strategic investment by our Group, after taking into consideration the above and the following:-

- (a) the scarcity of suitable and sizeable land banks for oil palm cultivation in Sarawak, which are available for acquisitions. Further, the SYOP plantations are planted on mineral soil which is consistent with our Group's policy of no new development of oil palm plantations on peat areas in Sarawak;
- (b) the Acquisition does not require our Group to undertake major developments with regards to the new planting of oil palms as the SYOP Assets consist primarily of existing operating oil palm plantations; and
- (c) the anticipated synergistic benefits to be derived from the Acquisition as further described in **Section 7.3** of this Abridged Prospectus.

2.5 Details of other corporate exercises

Save for the Acquisition and the Rights Issue, there are no other corporate exercises announced but pending completion.

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3. UNDERTAKINGS BY THE UNDERTAKING SHAREHOLDERS

The Rights Issue is intended to be undertaken on a full subscription basis.

The Undertaking Shareholders have provided their respective Undertakings to subscribe in full for their respective entitlements of the Rights Shares under the Rights Issue as well as to subscribe for additional unsubscribed Rights Shares not taken up by the other Entitled Shareholders, if any, under the Rights Issue via Excess Rights Application, in proportion to their respective shareholdings as at the Entitlement Date to ensure that the Rights Shares are taken up on a full subscription basis. For illustrative purposes only, assuming that the remaining Rights Shares are not taken up by the other Entitled Shareholders, the details of the Undertakings are as follows:-

Minimum Scenario

Undertaking Shareholders	Shareholdings as at 28 July 2016 ⁽¹⁾		Entitlement undertakings	Proportion ⁽³⁾ (%)	Excess undertakings ⁽⁴⁾	Maximum number of Rights Shares to be subscribed	Maximum shareholdings after the Rights Issue	
	No. of SOPB Shares	(%)					No. of SOPB Shares	(%)
Shin Yang Plantation Sdn Bhd	(2)126,294,214	28.59	36,084,061	44.79	Up to 20,656,528	56,740,589	183,034,803	32.11
Pelita Holdings Sdn Bhd	89,704,389	20.30	25,629,825	31.82	Up to 14,674,943	40,304,768	130,009,157	22.81
State Financial Secretary Sarawak	34,887,463	7.90	9,967,847	12.37	Up to 5,704,873	15,672,720	50,560,183	8.87
Tan Sri Datuk Ling Chiong Ho ⁽⁵⁾	31,069,808	7.03	8,877,088	11.02	Up to 5,082,271	13,959,359	45,029,167	7.90
Total	281,955,874	63.82	80,558,821	100.00	Up to 46,118,615	126,677,436	408,633,310	71.69

Maximum Scenario

Undertaking Shareholders	Shareholdings as at 28 July 2016 ⁽¹⁾		Entitlement undertakings	Proportion ⁽³⁾ (%)	Excess undertakings ⁽⁴⁾	Maximum number of Rights Shares to be subscribed	Maximum shareholdings after the Rights Issue	
	No. of SOPB Shares	(%)					No. of SOPB Shares	(%)
Shin Yang Plantation Sdn Bhd	(2)126,294,214	28.59	36,084,061	44.79	Up to 21,141,016	57,225,078	183,519,292	31.92
Pelita Holdings Sdn Bhd	89,704,389	20.30	25,629,825	31.82	Up to 15,016,064	40,645,889	130,350,278	22.67
State Financial Secretary Sarawak	34,887,463	7.90	9,967,847	12.37	Up to 5,839,986	15,807,832	50,695,295	8.82
Tan Sri Datuk Ling Chiong Ho ⁽⁵⁾	31,069,808	7.03	8,877,088	11.02	Up to 5,200,930	14,078,018	45,147,826	7.85
Total	281,955,874	63.82	80,558,821	100.00	Up to 47,197,996	127,756,817	409,712,691	71.26

Notes:-

- (1) The shareholdings of the Undertaking Shareholders are stated as at the latest practicable date prior to the issuance of the Undertaking letters.
- (2) Held directly and through Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Shin Yang Plantation Sdn Bhd and Shin Yang Plantation Sdn Bhd.
- (3) Computed as the respective Undertaking Shareholders' shareholdings as at 28 July 2016 divided by the cumulative shareholdings of the Undertaking Shareholders.
- (4) Computed as the remaining Rights Shares not taken up by the remaining Entitled Shareholders multiplied by the respective Undertaking Shareholders' proportion.
- (5) The direct and indirect shareholdings of Tan Sri Datuk Ling Chiong Ho in SOPB as at 28 July 2016 and after the Rights Issue are as follows:-

	Shareholdings as at 28 July 2016 ⁽¹⁾			Maximum shareholdings after the Rights Issue		
	Direct	Indirect ^(a)	Total	Direct	Indirect ^(a)	Total
	No. of SOPB Shares	No. of SOPB Shares (%)	No. of SOPB Shares (%)	No. of SOPB Shares	No. of SOPB Shares (%)	No. of SOPB Shares (%)
Minimum Scenario	31,069,808	7.03	157,364,022	45,029,167	183,034,803	228,063,970
Maximum Scenario	31,069,808	7.03	157,364,022	45,147,826	183,519,292	228,667,118

Note:-

- (a) Deemed interested by virtue of his substantial shareholdings in Shin Yang Plantation Sdn Bhd.

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No underwriting arrangements have been made in respect of the Rights Issue.

Accordingly, the Undertaking Shareholders have each confirmed vide their respective Undertakings that they have sufficient financial resources to subscribe for the Rights Shares under the Rights Issue. RHB Investment Bank has verified that the Undertaking Shareholders have sufficient financial resources to take up the number of Rights Shares as specified in their respective Undertakings.

Pelita Holdings Sdn Bhd and State Financial Secretary Sarawak have each confirmed vide their respective Undertakings that they will observe and comply at all times with the provisions of the Code, and that they will not at any time do or perform any act which triggers an obligation to extend a mandatory general offer under the Code.

Tan Sri Datuk Ling Chiong Ho and Shin Yang Plantation Sdn Bhd have each confirmed vide their respective Undertakings that they will observe and comply at all times with the provisions of the Code. Pursuant to the Undertakings and assuming that the remaining Rights Shares are not taken up by the other Entitled Shareholders, the resultant increase in the direct and indirect shareholdings of Tan Sri Datuk Ling Chiong Ho may exceed the 2% creeping threshold set out under Section 15(2) of the Code.

Tan Sri Datuk Ling Chiong Ho's direct and indirect shareholdings as at 28 July 2016 was 35.62% and will illustratively increase to a maximum of 40.01% (under the Minimum Scenario). Under these circumstances, Tan Sri Datuk Ling Chiong Ho, Shin Yang Plantation Sdn Bhd and persons-acting-in-concert will be obliged to extend a mandatory offer and serve a notice of such mandatory offer to acquire all the remaining SOPB Shares not already held by them after the completion of the Rights Issue.

4. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable our Company to raise gross proceeds of up to RM357.72 million to part finance the Acquisition and to defray the estimated expenses for the Corporate Exercises, as set out in **Section 5** of this Abridged Prospectus.

Our Board is of the view that the Rights Issue is deemed the most suitable and expedient form of fund raising to part finance the Acquisition, after taking into consideration, amongst others, the following:-

- (i) equity financing will allow our Company to raise funds without incurring interest cost as well as to minimise any potential cash outflow in respect of interest servicing, as compared with bank borrowings;
- (ii) to provide an opportunity to SOPB's shareholders to participate in an equity offering on a pro-rata basis and subscribe for new SOPB Shares at a discount to prevailing market prices; and
- (iii) increase the number and potentially enhance the liquidity of SOPB Shares on the Main Market of Bursa Securities, thereby attracting more active participation by the investing community.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM2.80 per Rights Share and assuming all our Entitled Shareholders subscribe in full for their respective entitlements, the gross proceeds to be raised from the Rights Issue will total up to approximately RM357.72 million.

The proceeds are expected to be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation	Minimum Scenario		Maximum Scenario	
		(RM'000)	(%)	(RM'000)	(%)
Acquisition ⁽¹⁾	Within six (6) months	350,397	98.79	353,419	98.80
Estimated expenses in relation to the Corporate Exercises ⁽²⁾	Within one (1) month	4,300	1.21	4,300	1.22
Total		354,697	100.00	357,719	100.0

Notes:-

- (1) The earmarked proceeds are intended to be utilised to part finance the Acquisition, details of which are set out in **Section 2.4** of this Abridged Prospectus.

For avoidance of doubt, the Total Cash Consideration of RM873,005,875 will be partly financed by the net proceeds raised from the Rights Issue (after deducting the estimated expenses in relation to the Corporate Exercises set out in **Note (2)** below). The remaining balance will be financed from bank borrowings and internally generated funds, the proportion of which is indicatively set out as follows:-

Source of funding	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Proceeds from the Rights Issue	350,397	353,419
Group bank borrowings	500,000	500,000
Internally generated funds	22,609	19,587
Total Cash Consideration	873,006	873,006

- (2) The estimated expenses in relation to the Corporate Exercises of approximately RM4.3 million comprise of, amongst others, the estimated professional fees, fees payable to relevant authorities, stamp duty, expenses to convene the EGM of our Company, printing, advertisement expenses and other ancillary expenses. If the actual expenses are higher than budgeted, the deficit will be funded out of the portion allocated for the Acquisition. Conversely, if the actual expenses are lower than budgeted, the excess will be utilised for the Acquisition.

Pending utilisation of the proceeds from the Rights Issue for the above purposes, the proceeds will be placed with financial institutions and/or short term money market instruments.

In the event that there is any material variation in the utilisation of proceeds, the Board will make an announcement pertaining to the variation and seek shareholder's approval for the variation, if necessary.

6. RISK FACTORS

You and/or your renounee(s)/transferee(s) (if applicable) should carefully consider the following risk factors which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this Abridged Prospectus, before subscribing for or investing in the Rights Shares.

6.1 Risks relating to the Acquisition

6.1.1 Acquisition risk

There is a possibility that the Acquisition may not be completed due to failure in fulfilling the Conditions Precedent set out in the SSA within the stipulated time frame. In the event that the Conditions Precedent are not fulfilled within the stipulated time period or in the event any approvals contain terms which are not acceptable to the parties to the SSA, the parties may either mutually extend the Completion Date or terminate the SSA.

Should the Acquisition be aborted for any reason after the Completion of the Rights Issue, there will be a variation in the utilisation of proceeds ("**Variation**"). The Board will make an announcement pertaining to the Variation and seek shareholder's approval for the Variation, if necessary, as disclosed in **Section 5** of this Abridged Prospectus. Nevertheless, our Board will take reasonable steps to ensure that the Conditions Precedent is met within the stipulated timeframe in order to complete the Corporate Exercises.

Although our Board believes that our Group is set to derive benefits from the Acquisition, there is no assurance that the anticipated benefits of the Acquisition will be realised or that our Group will be able to generate sufficient revenues from the Acquisition to offset the associated costs incurred.

6.1.2 Impairment risk

Our Company will recognise goodwill from the Acquisition, the amount of which will depend on the fair value of SYOP upon completion of the Acquisition.

Any impairment in the carrying amount of the assets (including goodwill arising from the Acquisition) pursuant to the impairment assessment may adversely affect our Company's financial position. At this juncture, our Company does not foresee any impairment on the goodwill arising from the Acquisition as our Company intends to maintain and enhance the Oil Palm Plantations and has a policy of progressively replanting new palms to maintain and improve FFB production and yield.

6.1.3 Land related issues

At present, the Lands are issued in the form of provisional lease by the Sarawak State Government. Under Section 28 of the Sarawak Land Code, provisional lease specifies the approximate land area but does not entitle the holder to a grant or lease of the whole of the area specified. As stated in the special conditions of the provisional leases of the Lands, the area to be alienated is subject to a completion of a land survey and if any area is not found to be available for reasons including but not limited to the implementation of a local plan, the area to be granted or given a lease to SYOP will be reduced accordingly. As such, the area stipulated in the provisional leases of the Land is subject to change upon completion of the land survey.

However, the SSA has provided that should the aggregate area of the Lands after the land survey, be less than the area of approximately 47,000 hectares, our Company is entitled to replacement land or compensation in cash from SYHSB computed based on the valuation per hectare provided in the Valuation Reports.

The issuance of the provisional leases for the Lands are also subject to, *inter alia*, certain terms and conditions including total premium payable of approximately RM40.61 million to be paid in five (5) yearly installments of which the first installment has been paid in July 2016. Any default in or failure to comply with the terms and conditions of the provisional leases could result in the forfeiture and re-entry of the said land by the State Government.

6.2 Risks relating to our operations

6.2.1 Financial risk

As disclosed in **Section 8.2** of this Abridged Prospectus, following the Acquisition, our Group's total borrowings as at the LPD is projected to rise to approximately RM1.66 billion. In addition, our Group may incur further cost for the planting of new oil palm trees and the continuous maintenance of the plantation estates, all of which is expected to be financed by bank borrowings and/or internally generated funds.

In view of the above, any material increase in interest rates will adversely affect our Group's profitability. As such, there is no assurance that financing will be available in amounts or on terms acceptable to our Group in the future.

We seek to manage our interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Our Group actively reviews our debt portfolio, taking into account the level and nature of borrowings. This strategy allows us to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

6.2.2 Commodity price risk

The prices of palm oil products fluctuate over time according to demand and supply conditions in the global edible oils and fats market. The prices are highly susceptible to external market forces and changes in global demand and supply of other edible oils which would correspondingly affect the prices of palm oil products, and such factors are beyond our Group's control.

Moving forward, any fluctuation in the prices of CPO and other palm oil products will accordingly affect the profitability of our Group. Nonetheless, our Group seeks to mitigate any adverse effect caused by the fluctuation in CPO prices through adopting a more prudent management approach with the objectives of enhancing the cost efficiencies, optimisation of returns and focusing its efforts to improve the overall production efficiency and yield of our Group's plantation estates.

6.2.3 Environmental obligations

Our Group is subject to various health, safety and environmental laws and regulations which include amongst others, emission and discharge of hazardous materials into the ground, air or water from our facilities, safety and integrity of our refineries and solid waste management. Hence, any health, safety or environmental related claims or the failure to comply with any present or future regulations could jeopardise our chances of renewing any existing licenses for the operation of our business and facilities.

6.2.4 Dependence on key personnel

Our Group is headed by an experienced, committed and dynamic management team. Some of the senior management staff have been in the palm oil industry for more than twenty (20) years. The dedication and commitment of our management team have contributed to the profitability and growth of our Group and will continue to contribute to our future success. Hence, it is important that we are able to attract skilled personnel.

Although we have relatively low staff turnover at management level, the performance and competitive edge of our Group may be adversely affected by the sudden loss of key persons within the management team.

6.2.5 Insurance risk

At present, our Group maintains insurance at levels that are customary in our industry to protect against various losses and liabilities. However, our insurance may not be adequate to cover all losses and liabilities that might be incurred in our operations. For example, we have not insured our planted crops for fire risk as our Board opines that, based on past experience, the risk associated with such assets is low and that such insurance coverage is not cost effective.

Notwithstanding the above, our Group will continue to monitor and work closely with our insurers for any existing or alternative insurance products which provide maximum coverage to our assets with minimal costs.

6.3 Risks relating to the industry we operate in

6.3.1 Risk associated with the palm oil industry

We are subject to risks inherent to the plantation industry. These include, but are not limited to, outbreaks of diseases, damage from pests, fire or other natural disasters, unscheduled interruptions in palm oil milling operations, adverse climate conditions, downturns in the global, regional and national economies, the entry of new players into the market, changes in law and tax regulations affecting palm oil, increases in labour and other production costs, and changes in business and credit conditions, all of which may materially affect the financial performance of our Group.

Our ability to mitigate these risks depends on various factors, including our ability to keep abreast with the latest technologies related to planting materials, diseases prevention and plantation operations, and other developments in the industry, as well as our ability to effectively implement business strategies.

6.3.2 Labour risk

The palm oil industry is a labour intensive industry. Oil palm plantations require extensive manpower in nurturing of seedlings, tree plantings, fertilizing, harvesting as well as other routine maintenance works to ensure optimal yield. The palm oil industry has faced difficulty in recruiting local labour force and therefore it has resorted to the employment of foreign plantation workers. Thus, our Group has obtained the necessary licenses for the employment of foreign plantation workers. However, there is no assurance that any change in the visa policies in Malaysia will not materially affect our Group's position to employ foreign plantation workers, as and when required.

In order to reduce our reliance on foreign workers and also to improve the efficiency of our operations, we are in the midst of exploring possibilities of integrating the use of machineries in our operations.

6.3.3 Other industry risk

The following factors, most of which are outside our control, may affect the production and supply of FFB:-

- (i) local and global weather patterns;
- (ii) more stringent environmental and conservation regulations;
- (iii) natural disasters; and
- (iv) diseases or crop pests.

There is no assurance that the occurrence of the above-mentioned factors will not disrupt the production and supply of FFB which may adversely affect our sales, margins and results of our operations.

6.4 Risks relating to the Rights Issue

6.4.1 Market risks

The market price of SOPB Shares is influenced by, amongst others, the prevailing market sentiment, the liquidity of SOPB Shares, the volatility of equity markets, the outlook of the industry in which SOPB operates in and the financial performance of our Group. In view of this, there can be no assurance that SOPB Shares will trade at or above the issue price of the Rights Shares or the TERP of SOPB Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

6.4.2 Delay in or abortion of the Rights Issue

There is a risk that the Rights Issue may be aborted or delayed on the occurrence of material adverse change of events or unforeseen circumstances, such as changes in inflation rates, interest rates, unfavourable changes in the governments' policies such as taxation and licensing requirements as well as other force majeure events, which are beyond the control of our Company and RHB Investment Bank, arising during the implementation of the Rights Issue.

In this respect, our Company will exercise its best endeavours to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue. In the event that the Rights Issue is aborted, our Company will repay without interest all monies received from the applicants and in the event the monies are not repaid within fourteen (14) days after our Company becomes liable to repay it, we shall repay the monies with interest at the rate of 10% per annum in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renounees/transferees (if applicable) and the Rights Issue is subsequently cancelled/terminated, a return of the monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

6.4.3 Potential dilution in shareholding

Entitled Shareholders who do not and are not able to accept their Rights Shares will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued and paid-up share capital represented by their holdings of our Shares will also be reduced accordingly. Pursuant thereto, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that we may declare, make or pay will correspondingly be diluted.

6.5 Other risks

6.5.1 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and outlook of the Malaysian economy

Global growth was modest and uneven across economies in the second quarter of 2016 (“2Q 2016”). The advanced economies grew moderately while in Asia economic activity continued to be supported by domestic demand amid weak export performances. The US recorded a moderate growth due to a slowdown in investment, despite increased household consumption and exports. In the Euro area, growth moderated slightly and continued to be supported by steady domestic demand and accommodative monetary policy. Japan’s gross domestic product grew marginally as capital expenditure declined and exports continued to remain sluggish.

The Malaysian economy grew by 4% during the 2Q 2016 (first quarter (“1Q”) 2016: 4.2%) despite increasing uncertainties in the external environment. The growth was supported mainly by domestic demand amid a decline in net exports and significant drawdown in stocks. On the supply side, all sectors continued to register a positive growth except agriculture. The services sector expanded by 5.7% (1Q 2016: 5.1%) on account of higher activity in the wholesale and trade as well as information and communication subsectors. The manufacturing sector grew by 4.1% (1Q 2016: 4.5%), supported by electrical and electronics and chemical products. The construction sector expanded by 8.8% (1Q 2016: 7.9%) mainly driven by higher civil engineering and residential subsectors. Meanwhile, the mining and quarrying sector increased by 2.6% (1Q 2016: 0.3%) spurred by higher output of natural gas and crude oil as well as other mining segments. However, the agriculture sector contracted significantly by 7.9% (1Q 2016: -3.8%) due to lower output of both crude palm oil and rubber.

Domestic demand gained momentum, accelerating to 6.3% in the 2Q 2016, (1Q 2016: 3.6%). The growth was attributed to strong consumption and investment activities. Private consumption expanded by 6.3% (1Q 2016: 5.3%) in tandem with higher consumption in clothing and footwear (10.3%), communication (10.1%), transport (6.8%) as well as food and nonalcoholic beverages (6.8%). Consumption was supported by BR1M cash transfer and cash assistance of RM500 to civil servants. Strong performance of the consumption activity was reflected in the movements of major consumption indicators such as imports of consumption goods and consumption credit disbursed to household. The Consumer Sentiments Index also improved by 5.6 points to 78.5 points (1Q 2016: 72.9 points). Meanwhile, public consumption posted a strong growth of 6.5% (1Q 2016: 3.5%), supported by expenditure on emolument as well as supplies and services.

On the domestic front, the Malaysian economy is expected to remain on its growth trajectory in the third quarter of 2016. This is underpinned by strong macroeconomic fundamentals as well as pro-growth fiscal and accommodative monetary policies. Domestic demand will continue to be the main engine of growth supported by private sector activity. On the supply side, the services, manufacturing and construction sectors will remain as the key drivers of growth. The economy will continue to operate under conditions of full employment while inflation is expected to remain manageable.

(Source: Quarterly Update on the Malaysian Economy – Second Quarter, Ministry of Finance Malaysia)

7.2 Outlook of the palm oil industry

Total world production of crude palm oil (“CPO”) in the 2Q 2016 increased by 23.9% from 3.4 million tonnes in the 1Q 2016 to 4.2 million tonnes. However, comparing CPO production this year to that of the same quarter production of last year, the production was lower by 20.3%. The decline in year-on-year production is believed to be due to the impact of El Nino which started in the middle of 2015.

The total imports of palm oil declined sharply by 55.6% from 0.2 million tonnes during the 1Q 2016 to 0.08 million tonnes in the 2Q 2016. Meanwhile, the total export of palm oil declined slightly by 3.0%.

The decline of the palm oil export during the quarter was largely due to lower offtake of CPO compared to that of the previous quarter. The export of palm kernel oil (“PKO”) also fell by 4.2% quarter-on-quarter.

(Source: Quarterly Report on Oils and Fats, 2nd Quarter 2016, Malaysian Palm Oil Board)

The crude palm oil price is seen averaging RM2,678 per tonne in 2016, up nearly 18% from last year. This is due to higher demand from top consumer India and replenishment of stocks by China. Furthermore, output in Malaysia from August 2016 onwards is expected to be higher as the dry weather associated with effects from the El Nino in early 2016 no longer hampering the productions.

(Source: Global Oils & Fats Business Magazine, Vol 13 Issue 3 (Jul-Sept), 2016, Malaysian Palm Oil Council)

The agriculture sector is projected to expand by 3.5% per annum. Emphasis will be on increasing productivity through the modernisation of the sector, supported by greater innovation and research and development. The oil palm subsector is expected to expand by 2.8% per annum with an increasing number of matured plantations, particularly in Sabah and Sarawak.

(Source: Eleventh Malaysia Plan 2016-2020, Economic Planning Unit)

7.3 Prospects of our Group

The palm oil industry has been recognised by the Malaysian Government as one of the main contributors to the domestic economy. Taking into consideration the support of the government agencies and the outlook of the palm oil industry as set out in **Section 7.2** of this Abridged Prospectus, SOPB is of the view that the future prospects of our Group will remain favourable.

The Acquisition will enable SOPB to strategically position itself to stay competitive in highly challenging market conditions. Our Group believes that the strategic value creation to be derived from the Acquisition will translate into operational efficiency thus improving profitability. Leveraging on its established track record in estate management practices, SOPB intends to focus on upstream plantation activities of developing SYOP's remaining unplanted and immature planted areas as well as enhancing SYOP's existing mature planted areas.

As the plantation estates of SYOP comprise of both planted and unplanted areas, SOPB is expected to incur an estimated RM180.0 million over a period of three (3) to four (4) years for the continuing development and maintenance of the plantation estates as well as the planting of new palms after the completion of the Acquisition.

8. FINANCIAL EFFECTS

The effects of the Rights Issue on our Company's issued and paid-up share capital, NA and gearing, consolidated earnings and EPS, and substantial shareholders' shareholdings are set out below. As the Rights Issue and Acquisition are inter-conditional, we have also illustrated the effects of the Acquisition together with the Rights Issue in the ensuing sections.

8.1 Issued and paid-up share capital

The Acquisition will not have any effect on the issued and paid-up share capital of SOPB as the Acquisition does not involve any issuance of new SOPB Shares.

The proforma effects of the Rights Issue on the issued and paid-up share capital of our Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of SOPB Shares ('000)	(RM'000)	No. of SOPB Shares ('000)	(RM'000)
Issued and fully paid-up capital of SOPB as at the LPD	443,371	443,371	443,371	443,371
<i>New SOPB Shares to be issued assuming all outstanding ESOS Options are exercised</i>	-	-	3,778	3,778
<i>Upon issuance of Rights Shares pursuant to the Rights Issue</i>	126,677	126,677	127,757	127,757
Enlarged issued and fully paid-up share capital of SOPB	570,048	570,048	574,906	574,906

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8.2 NA and gearing

Based on the audited consolidated statement of financial position of our Company as at 31 December 2015, and after taking into consideration the movements in the share capital of our Company up to the LPD, the proforma effects of the Rights Issue and Acquisition on the consolidated NA and gearing of our Group are as follows:-

Minimum Scenario

	Audited as at 31 December 2015 (RM'000)	Adjustments of subsequent events ⁽¹⁾ (RM'000)	Proforma I After the Rights Issue (RM'000)	Proforma II After Proforma I and the Acquisition (RM'000)
Share capital	441,307	443,371	570,048	570,048
Share premium	16,724	19,219	(2)245,088	245,088
Employee share option reserve	6,191	4,678	4,678	4,678
Other reserves	1,613	1,613	1,613	1,613
Retained earnings	937,949	915,859	915,859	(4)913,709
Shareholders' funds/NA	1,403,784	1,384,740	1,737,286	1,735,136
Non-controlling interest	96,084	96,084	96,084	96,084
Total equity	1,499,868	1,480,824	1,833,370	1,831,220
No. of SOPB Shares ('000)	441,307	443,371	570,048	570,048
NA per SOPB Share (RM)	3.18	3.12	3.05	3.04
Cash (RM'000)	440,736	421,692	(2)(3)774,238	(4)(5)(6)(7)407,901
Total borrowings (RM'000)	1,101,849	1,101,849	1,101,849	(5)(6)1,656,174
- Long term borrowings	402,454	402,454	402,454	(5)(6)917,547
- Short term borrowings	699,395	699,395	699,395	(6)738,627
Net borrowings(RM'000)	661,113	680,157	327,611	1,248,273
Net gearing (times)⁽⁸⁾	0.47	0.49	0.19	0.72

Notes:-

- (1) After adjusting for the following events subsequent to 31 December 2015 and up to the LPD:-
 - (i) Issuance of new SOPB Shares pursuant to the exercise of 2,064,320 ESOS Options at an indicative average exercise price of RM1.48; and
 - (ii) Deducting dividends paid on 22 July 2016 amounting to approximately RM22.09 million or RM0.05 per SOPB Share.
- (2) After deducting the estimated expenses relating to the Rights Issue amounting to approximately RM2.15 million.
- (3) After taking into account the proceeds of approximately RM353.56 million to be raised from the Rights Issue.
- (4) After deducting the estimated expenses relating to the Acquisition amounting to approximately RM2.15 million.
- (5) After taking into account the increase in borrowings of approximately RM500.00 million to facilitate the Acquisition.
- (6) After consolidating cash and bank balances of RM8.82 million and borrowings of RM54.33 million from SYOP's audited financial statements for the FYE 30 June 2016.
- (7) After taking into account the reduction of cash of approximately RM873.01 million, being the Total Cash Consideration.
- (8) Calculated based on the net borrowings divided by the shareholder's funds/NA.

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Maximum Scenario

	Audited as at 31 December 2015 (RM'000)	Adjustments for subsequent events ⁽¹⁾ (RM'000)	Proforma I Assuming full exercise of the outstanding ESOS Options ⁽²⁾ (RM'000)	Proforma II After Proforma I and the Rights Issue (RM'000)	Proforma III After Proforma II and the Acquisition (RM'000)
Share capital	441,307	443,371	447,149	574,906	574,906
Share premium	16,724	19,219	36,188	⁽³⁾ 264,001	264,001
Employee share option reserve	6,191	4,678	-	-	-
Other reserves	1,613	1,613	1,613	1,613	1,613
Retained earnings	937,949	915,859	915,859	915,859	⁽⁵⁾ 913,709
Shareholders' funds/NA	1,403,784	1,384,740	1,400,809	1,756,379	1,754,229
Non-controlling interest	96,084	96,084	96,084	96,084	96,084
Total equity	1,499,868	1,480,824	1,496,893	1,852,463	1,850,313
No. of Shares ('000)	441,307	443,371	447,149	574,906	574,906
NA per Share (RM)	3.18	3.12	3.13	3.05	3.05
Cash (RM'000)	440,736	421,692	437,761	⁽³⁾⁽⁴⁾ 790,307	⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾ 423,970
Total borrowings (RM'000)	1,101,849	1,101,849	1,101,849	1,101,849	1,656,174
- Long term borrowings	402,454	402,454	402,454	402,454	⁽⁶⁾⁽⁷⁾ 917,547
- Short term borrowings	699,395	699,395	699,395	699,395	⁽⁷⁾ 738,627
Net borrowings(RM'000)	661,113	680,157	664,088	308,518	1,232,204
Net gearing (times)⁽⁹⁾	0.47	0.49	0.47	0.18	0.70

Notes:-

- (1) After adjusting for the following events undertaken by the Company subsequent to 31 December 2015 up to the LPD:-
- (a) Issuance of new SOPB Shares pursuant to the exercise of 2,064,320 ESOS Options at an indicative average exercise price of RM1.48; and
- (b) Deducing dividends paid on 22 July 2016 amounting to approximately RM22.09 million or RM0.05 per SOPB Share.
- (2) Assuming the full exercise of all 3,777,830 outstanding ESOS Options at a weighted average price of RM4.25.
- (3) After deducting the estimated expenses relating to the Rights Issue amounting to approximately RM2.15 million.
- (4) After taking into account the proceeds of approximately RM357.72 million to be raised from the Rights Issue.
- (5) After deducting the estimated expenses relating to the Acquisition amounting to approximately RM2.15 million.
- (6) After taking into account the increase in borrowings of approximately RM500.00 million to facilitate the Acquisition.
- (7) After consolidating cash and bank balances of RM8.82 million and borrowings of RM54.33 million from SYOP's audited financial statements for the FYE 30 June 2016.
- (8) After taking into account the reduction of cash of approximately RM873.01 million, being the Total Cash Consideration.
- (9) Calculated based on the net borrowings divided by the shareholder's funds/NA.

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8.3 Earnings and EPS

The Corporate Exercises are not expected to have any material effect on the earnings of our Group for the FYE 31 December 2016. However, it is pertinent to note that our Group will stand to benefit from the potential revenue and profit contribution from SYOP as and when the planted oil palms mature and are prime for FFB production.

Notwithstanding the above, the EPS of our Company may be reduced correspondingly as a result of the increase in the number of SOPB Shares pursuant to the Rights Issue. The potential impact of the dilution to the EPS of our Company will also depend on, amongst others, the level of profitability generated by SYOP and the finance costs of the bank borrowings to be obtained to part finance the Total Cash Consideration.

For illustrative purposes, assuming the Corporate Exercises had been completed on 1 January 2015, the profit attributable to the owners of our Group for the FYE 31 December 2015 would decrease from RM88.45 million (audited) to RM79.40 million in view of the following:-

	Audited as at 31 December 2015 (RM'000)	Proforma I After the Rights Issue (RM'000)	Proforma II After Proforma I and the Acquisition (RM'000)
PAT attributable to equity holders of SOPB Group	88,452	88,452	88,452
Add : Latest audited PAT of SYOP for the FYE 30 June 2016	-	-	14,448
Less : Finance costs arising from the additional borrowings of RM500 million ⁽¹⁾	-	-	(23,500)
Enlarged PAT of our Group	88,452	88,452	79,400
Number of SOPB Shares in issue ('000)	441,307	Up to 569,064	Up to 569,064
Basic EPS (sen)	20.04	15.54	13.95

Note:-

(1) The average interest rate on the RM500 million additional borrowings is estimated at 4.70% per annum.

9. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue, banking facilities available and the funds generated from our Group's operations, our Group will have adequate working capital to meet our business requirements for the next twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at 30 September 2016, our Group had total outstanding borrowings of approximately RM981.6 million, all of which are interest-bearing, details of which are as follows:-

	Purpose of borrowings	Currency	Amount in Foreign Currency ('000)	^Amount in (RM'000)
Short term borrowings:-				
Secured:				
- Bankers acceptances/short term loans	Working capital	RM	-	76,131
- Bankers acceptances/short term loans	Working capital	USD	3,029	12,527
- Obligations under finance lease	Hire purchase	RM	-	3,956
- Revolving credits	Working capital	RM	-	83,184
- Term loans	Factory / Plant & Machinery / Plantation	RM	-	23,024
Unsecured:				
- Bank acceptances/short term loans	Working capital	RM	-	265,536
- Bank acceptances/short term loans	Working capital	USD	5,860	24,235
- Revolving credits	Working capital	RM	-	81,000
- Term loans	Factory / Plant & Machinery / Plantation	RM	-	12,175
				581,768
Long term borrowings:-				
Secured:				
- Obligations under finance leases	Hire purchase	RM	-	5,695
- Term loans	Factory / Plant & Machinery / Plantation	RM	-	271,905
Unsecured:				
- Term loans	Factory / Plant & Machinery / Plantation	RM	-	122,225
				399,825
Total borrowings				981,593

Note:-

^ The above figures have not been audited.

As at 30 September 2016, our Group has foreign borrowings comprising USD denominated term loans of approximately USD8.89 million (equivalent to approximately RM36.76 million based on Bank Negara Malaysia's exchange rate as at 30 September 2016 of RM4.14 per USD), which forms part of our Group's short term borrowings. Apart from that, our Group has no other borrowings in foreign currency.

As at the LPD, there has not been any default on payments of either interest and/or principal sums in respect of any borrowings for the FYE 31 December 2015 and the subsequent financial period up to the LPD.

9.3 Material commitments

Save as disclosed below, there are no material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group as at 30 September 2016:-

	(RM'000)
<u>Property, plant and equipment</u>	
- Authorised but not contracted	52,327
- Contracted but not provided in the financial statements	19,818
	72,145
<u>Plantation development expenditure</u>	
- Authorised but not contracted	16,737

9.4 Contingent liabilities

Save as disclosed below, there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group as at 30 September 2016:-

	(RM'000)
Corporate guarantees in respect of banking facilities granted to the subsidiaries	553,800

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10. PROCEDURES FOR ACCEPTANCE, SALE/TRANSFER, EXCESS RIGHTS APPLICATION AND PAYMENT

10.1 Important relevant dates and times

- Last date and time for the sale of Provisional Rights Shares : Tuesday, 22 November 2016 at 5.00 p.m.
- Last date and time for the transfer of Provisional Rights Shares : Friday, 25 November 2016 at 4.00 p.m.
- Last date and time for acceptance and payment : Wednesday, 30 November 2016 at 5.00 p.m.
- Last date and time for application for Excess Rights Shares and payment : Wednesday, 30 November 2016 at 5.00 p.m.

Late applications will not be accepted.

10.2 General

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares.

If you are an Entitled Shareholder (other than an Authorised Nominee who has subscribed for NRS), you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares that have been provisionally allotted to you, as well as to apply for Excess Rights Shares, if you choose to do so.

Full instructions for the acceptance of and payment for the Rights Shares provisionally allotted to you and/or your renounee(s) and/or transferee(s) (if applicable) and the procedures to be followed are set out in this Abridged Prospectus and the accompanying RSF. You are advised to read this Abridged Prospectus, the RSF and the notes and instructions contained in the documents carefully.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to **Sections 10.4.4** and **10.6.4** of this Abridged Prospectus for the procedures for acceptance as well as to apply for Excess Rights Shares, if you choose to do so.

Acceptances which do not strictly conform to the terms and conditions as well as the notes and instructions contained herein, or which may be illegible may not be accepted at the absolute discretion of our Board.

10.3 Methods of application

You may subscribe for such number of Rights Shares that you have been provisionally allotted as well as to apply for Excess Rights Shares, if you so choose, using either of the following methods:

Method of application	Category of Entitled Shareholders
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾ or Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:-

- (1) A copy of the RSF will be enclosed together with this Abridged Prospectus. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).
- (2) The following surcharge per Electronic Application will be charged by the Participating Financial Institution:
- Public Bank Berhad – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad – RM4.24 (inclusive of 6% GST).
- (3) The following processing fee per Internet Application will be charged by the following Internet Participating Financial Institution:
- Public Bank Berhad (<http://www.pbebank.com>) – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad (<http://www.affinbank.com.my>) – RM4.24 (inclusive of 6% GST).

10.4 Procedures for acceptance and payment

10.4.1 By way of RSF

If you wish to accept your entitlement to the Provisional Rights Shares, either in full or in part, please complete Parts I and II of the RSF. Send each completed and signed RSF with the relevant payments in the reply envelope enclosed with this Abridged Prospectus, by the mode of despatch of your choice (at your own risk) to our Share Registrar at the following address:

BY COURIER / DELIVERED BY HAND	BY ORDINARY POST
Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Helpdesk Tel: 03-7849 0777 Fax: 03-7841 8151/52	Peti Surat 9150 Pejabat Pos Kelana Jaya 46785 Petaling Jaya Selangor Darul Ehsan

so as to arrive not later than 5.00 p.m. on Wednesday, 30 November 2016.

If you have lost, misplaced or for any other reasons require another copy of the RSF, you may obtain additional copies from one of the following:

1. our registered office at:
No. 124-126
Jalan Bendahara
98000 Miri
Sarawak;
2. our Share Registrar at:
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia; or
3. Bursa Securities' website at the following address:
<http://www.bursamalaysia.com>

One (1) RSF can only be used for acceptance of the Provisional Rights Shares standing to the credit in one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares standing to the credit in more than one (1) CDS Account. The Rights Shares accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares are credited.

The minimum number of Rights Shares that can be accepted is one (1) Rights Share. However, you should take note that a trading board lot comprises 100 SOPB Shares.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "**SOPB RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed herein are not acceptable, except with the approval of our Board.**

If acceptance and payment for the Provisional Rights Shares allotted to you (whether in full or in part) are not received by our Share Registrar by 5.00 p.m. on Wednesday, 30 November 2016, the provisional entitlement to you will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such Rights Shares not taken up to applicants who have applied for Excess Rights Shares in the manner as set out in **Section 10.6** of this Abridged Prospectus.

You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Rights Shares application or the application monies will be issued by our Company or our Share Registrar.

Applications for Rights Shares shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any Rights Shares application, in full or in part, without assigning any reason.

Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or
- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.4.2 By way of Electronic Application

Only individuals who are Entitled Shareholders may apply for the Rights Shares by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institution before making an Electronic Application.

(i) Steps for Electronic Applications through a Participating Financial Institution's ATM

The procedures for Electronic Applications at the ATMs of the Participating Financial Institution are set out on the ATM screens of the relevant Participating Financial Institution ("**Steps**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Rights Shares at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this Abridged Prospectus **BEFORE** making the application; and
- (c) You shall apply for the Rights Shares via the ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to **Section 10.4.2(iii)** below). You shall enter at least the following information through the ATM when the instructions on the ATM screen require you to do so:-
 - Personal Identification Number ("**PIN**");
 - Select **SOPB RIGHTS ISSUE ACCOUNT**;
 - CDS Account number;
 - Number of Rights Shares applied for and/or the RM amount to be debited from the account;
 - Current contact number (for e.g. your mobile phone number); and
 - Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your Application.

You must ensure that you use the number of the CDS Account held in your name when making an Electronic Application. If you operate a joint bank account with any of the Participating Financial Institution, you must ensure that you enter the number of the CDS Account held in your name when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

(ii) Participating Financial Institution

Electronic Applications may be made through an ATM of the following Participating Financial Institution and their branches within Malaysia:-

- Public Bank Berhad
- Affin Bank Berhad

(iii) Terms and Conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institution and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
- (i) You have attained 18 years of age as at the last day for application and payment;
 - (ii) You have read the relevant Abridged Prospectus and understood and agreed with the terms and conditions of the application;
 - (iii) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares (including the processing fee as mentioned in **Section 10.3 (Note 2)** of this Abridged Prospectus) from your bank account with the said financial institution ("**Authorised Financial Institution**"); and
 - (iv) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Rights Shares as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.
- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institution.

- (e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the Rights Shares allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository and irrevocably agrees that if:
 - (i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
 - (ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which, the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:
 - (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares via the Electronic Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the Participating Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

(k) Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or
- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in **Section 10.4.2(iii)** of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.4.3 By way of Internet Application

All Entitled Shareholders may apply for the Rights Shares by way of Internet Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

(i) Step 1: Set up of account

Before making an application by way of Internet Application, you **must have all** of the following:-

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com> or **Affin Bank Berhad** at <http://www.affinbank.com.my>. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) a CDS Account held in your name.

(ii) Step 2: Read the Abridged Prospectus

You are advised to read and understand this Abridged Prospectus **BEFORE** making your application.

(iii) Step 3: Apply through Internet

While we will attempt to provide you with assistance in your application for the Rights Shares through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (c) Navigate to the section of the website on applications in respect of the Rights Shares;
- (d) Select the counter in respect of the Rights Shares to launch the electronic Abridged Prospectus and the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;
- (g) Check that the information contained in your online application form, such as the share counter (in this case, **SOPB RIGHTS ISSUE ACCOUNT**), your NRIC number, your current contact number (for e.g. your mobile phone number), your CDS Account number, number of Rights Shares applied for and the account number to debit are correct. Then select the designated hyperlink on the screen to confirm and submit the online application form;
- (h) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution (as defined below) to effect the online payment of your money for the Rights Issue;
- (i) You must pay for the Rights Issue through the website of the Authorised Financial Institution (as defined below), failing which the Internet Application is not completed, despite the display of the Confirmation Screen. "Confirmation Screen" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Rights Shares applied for, which can be printed out for your record;

- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) pertaining to the payment status will appear on the screen of the website through which the online payment for the Rights Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
- (k) You are advised to print out the Confirmation Screen for your reference and record.

(iv) Terms and Conditions of Internet Applications

The Internet Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institution and those appearing herein:-

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:-
 - (i) You have attained 18 years of age as at the last day for application and payment;
 - (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this Abridged Prospectus, the contents of which you have read and understood;
 - (iii) You agree to all the terms and conditions of the Internet Application as set out in this Abridged Prospectus and have carefully considered the risk factors set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;
 - (iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares (including the processing fee as mentioned in **Section 10.3 (Note 3)** of this Abridged Prospectus) from your bank account with the said financial institution ("**Authorised Financial Institution**"); and

- (v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.
- (b) You confirm that you are not applying for the Rights Shares as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus.
- (c) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.
- Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institution.
- (d) By making and completing your Internet Application, you, if successful, request and authorise our Company to credit the Rights Shares allotted to you into your CDS Account.
- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institution, Authorised Financial Institution or Bursa Depository and irrevocably agrees that if:
- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
- (ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institution, Authorised Financial Institution or Bursa Depository for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (h) By making and completing an Internet Application, you agree that:
 - (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares via the Internet Application facility established by the Internet Participating Financial Institution at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the Internet Participating Financial Institution, Authorised Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and

- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (j) Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in **Section 10.4.3(iv)** of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

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- (k) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Application services.

10.4.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

(i) Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue.

- (f) To apply for the Rights Shares, you will be required to submit your subscription information via a Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.
- (g) Once completed, you will need to submit the Rights Share Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last date and time for acceptance and payment.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:-
- (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Rights Shares which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:-
- Bank: MALAYAN BANKING BERHAD**
Account Name : SOPB RIGHTS ISSUE ACCOUNT
Bank Account No. : 511010619164
- prior to submitting the Rights Shares Subscription File to Bursa Depository.
- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
- (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Rights Shares; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in **Section 10.4.4(ii)** of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and Conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:-

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.

- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:-
- (i) our Company or our Share Registrar or Bursa Depository does not receive your application via NRS; or
 - (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.

- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:-
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and

- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

10.5 Procedures for sale or transfer of Provisional Rights Shares

The Provisional Rights Shares are renounceable securities and will be traded on Bursa Securities commencing from Wednesday, 16 November 2016 up to and including Tuesday, 22 November 2016. As such, you may sell/transfer all or part of your entitlements under the Rights Issue during such period.

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional Rights Shares standing to the credit in your CDS Account.

You may sell such entitlement on Bursa Securities or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository, both for the period up to the last day and time for the sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

You are advised to read and adhere to the RSF and the notes and instructions contained in the RSF. In selling or transferring all or part of your Provisional Rights Shares, you need not deliver any document (including the RSF) to your stockbrokers in respect of the portion of the Provisional Rights Shares sold or transferred. However, you are advised to ensure that you must have sufficient number of Provisional Rights Shares standing to the credit in your CDS Account before selling or transferring.

If you have sold or transferred only part of the Provisional Rights, you may still accept the balance of the Provisional Rights Shares. Please refer to **Section 10.4** of this Abridged Prospectus for the procedures for acceptance and payment.

10.6 Procedures for application for Excess Rights Shares

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises 100 SOPB Shares.

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner in the following sequence:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account in our Company as at the Entitlement Date;

- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for excess Rights Shares on a pro-rata basis and in board lot calculated based on the quantum of their respective excess Rights Shares applied for; and
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) who have applied for excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective excess Rights Shares applied for.

After the above sequence of allocations is completed, any balance of Excess Rights Shares will be allocated again through steps **(ii)-(iv)** above until all Excess Rights Shares are fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part II of the relevant RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in **(i)-(iv)** above are achieved. Our Board also reserves the right to accept the Excess Rights Application, in full or in part, without assigning any reason.

10.6.1 By way of RSF

If you are an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part II and III of the RSF. Send each completed and signed RSF with a **separate remittance** for the full amount payable on the Excess Rights Shares applied for to our Share Registrar so as to arrive not later than 5.00 p.m. on Wednesday, 30 November 2016.

Payment for the Excess Rights Shares applied for should be made in the same manner described in **Section 10.4.1** of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia should be made payable to "**SOPB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed herein are not acceptable, except with the approval of our Board.**

You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Excess Rights Application or the application monies will be issued by our Company or our Share Registrar.

Excess Rights Application shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any Excess Rights Application, in full or in part, without assigning any reason.

Notification on the outcome of your Excess Rights Application will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or

- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.6.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in **Section 10.4.2** of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Application and the amount payable to be directed to "**SOPB EXCESS RIGHTS ISSUE ACCOUNT**" for the Excess Rights Shares applied.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 SOPB Shares.

The Electronic Application for Excess Rights Shares shall be made on, and subject to, the same terms and conditions appearing in **Section 10.4.2** of this Abridged Prospectus, as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Transaction Record or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Excess Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

- (iii) Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
- (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights; or
 - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in **Section 10.4.2** of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.6.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in **Section 10.4.3** of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Shares application and the amount payable to be directed to "**SOPB EXCESS RIGHTS ISSUE ACCOUNT**" for the Excess Rights Shares applied.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 SOPB Shares.

The Internet Application for Excess Rights Shares shall be made on, and subject to, the same terms and conditions appearing in **Section 10.4.3** of this Abridged Prospectus, as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Confirmation Screen or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.

- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
 - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in **Section 10.4.3(iv)** of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.6.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares via NRS in excess of your entitlement, you may do so by following the same steps as set out in **Section 10.4.4** of this Abridged Prospectus save and except for the amount payable to be directed to "**SOPB EXCESS RIGHTS ISSUE ACCOUNT**" (**Bank Account No. 511010619170 with MALAYAN BANKING BERHAD**) for the Excess Rights Shares applied and also that you should complete the details for Excess Rights Application at the designated fields for excess applications in the Rights Shares Subscription File.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 SOPB Shares.

The Application for Excess Rights Shares via NRS shall be made on, and subject to, the same terms and conditions appearing in **Section 10.4.4** of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Right Shares Subscription File or any lesser number of Excess Rights Shares that may be allotted to you in respect of your application via NRS. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the Rights Shares Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) You will be notified on the outcome of your application for the Excess Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (a) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
 - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in **Section 10.4.4(ii)** of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.7 CDS Accounts

Bursa Securities has prescribed the SOBP Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares will be by book entries through CDS Accounts and will be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares.

Your subscription for the Rights Shares/application for the Excess Rights Shares shall mean that you consent to receiving such Rights Shares/Excess Rights Shares (if successful) as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

10.8 Foreign Addressed Shareholders and/or shareholders subject to laws of foreign jurisdictions

The NPA and RSF (collectively referred to as the “**Documents**”) have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any jurisdiction other than Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving the Documents electronically or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders as at the Entitlement Date who have not provided an address in Malaysia to Bursa Depository for the delivery of the Documents. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, who will be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) may only accept or renounce or transfer (as the case may be) all or any of the Rights Shares to the extent that it would be lawful to do so, and our Directors and officers of our Company and RHB Investment Bank, being our Principal Adviser (collectively, “**Parties**”), would not in connection with the Rights Issue, be in breach of the laws of any foreign country or jurisdiction to which you and/or your renounee(s) and/or transferee(s) (if applicable) is or might be subject to. You and/or your renounee(s) and/or transferee(s) (if applicable) shall be solely responsible to seek advice from your legal and/or professional advisers as to the laws of the countries or jurisdictions to which you are or might be subject to. The Parties shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation and/or transfer made by any Entitled Shareholder and/or his renounee(s) and/or transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

In addition, each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares by signing any of the forms accompanying the Documents or subscribing for or acquiring any Rights Shares, will be deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which you and/or your renounee(s) and/or transferee(s) are or might be subject to;
- (ii) you and/or your renounee(s) and/or transferee(s) have complied with the laws to which you and/or your renounee(s) and/or transferee(s) are or might be subject to in connection with the acceptance or renunciation;
- (iii) you and/or your renounee(s) and/or transferee(s) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) you and/or your renounee(s) and/or transferee(s) are aware that the Provisional Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) you and/or your renounee(s) and/or transferee(s) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as you and/or your renounee(s) and/or transferee(s) deem necessary in connection with your and/or your renounee(s)'s and/or transferee(s)'s decision to subscribe for or purchase the Rights Shares; and
- (vi) you and/or your renounee(s) and/or transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Entitled Shareholders and any other person having possession of this Abridged Prospectus and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by the other Entitled Shareholders. You and/or your renounee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renounee(s)'s and/or transferee(s)'s entitlement under the Rights Issue or to any net proceeds thereof.

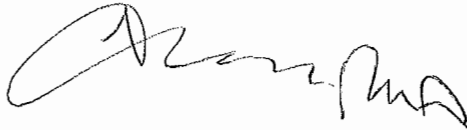
11. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue are governed by the terms and conditions as set out in this Abridged Prospectus, NPA and RSF enclosed herewith.

12. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
SARAWAK OIL PALMS BERHAD

A handwritten signature in black ink, appearing to read 'Fong Yoo Kaw', written over a light blue horizontal line.

FONG YOO KAW @ FONG YEE KOW, VICTOR
Independent Non-Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 10 OCTOBER 2016**SARAWAK OIL PALMS BERHAD** (7949-M)

(CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PASSED AT THE EXTRAORDINARY GENERAL MEETING OF SARAWAK OIL PALMS BERHAD HELD ON 10 OCTOBER 2016)

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF SHIN YANG OIL PALM (SARAWAK) SDN. BHD. (“SYOP”) FROM SHIN YANG HOLDING SDN BHD (“SYHSB”) AND THE ASSUMPTION OF THE INTER-COMPANY BALANCES OWING BY SYOP TO SHIN YANG FORESTRY SDN BHD, A SEPARATE WHOLLY-OWNED SUBSIDIARY OF SYHSB, ALL FOR A TOTAL CASH CONSIDERATION OF RM873,005,875 (“PROPOSED ACQUISITION”)

Resolved

That, subject to the passing of Ordinary Resolution 2, approval be and is hereby given for SOPB acquire the entire equity interest in SYOP from SYHSB consisting 2,000,000 ordinary shares of RM1.00 each in SYOP, for a cash consideration of RM284,432,417 and the assumption of inter-company balance of RM588,573,458, all for a total cash consideration of RM873,005,875, upon the terms and conditions as the parties thereto may mutually agree upon in writing or which are imposed by the relevant authorities;

AND THAT, the Directors of the Company be and are hereby authorized to give effect to the Proposed Acquisition with full power (i) to assent to any condition, modification, variation and/or amendment in any manner as may be required by the relevant authorities; (ii) to deal with all matters relating to the SSA thereto; and (iii) to do all such acts and things as they may consider necessary or expedient to give full effect to the Proposed Acquisition.

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 127,756,817 NEW ORDINARY SHARES OF RM1.00 EACH IN SOPB (“RIGHTS SHARE(S)”) ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING ORDINARY SHARES OF RM1.00 EACH ON SOPB (“SOPB SHARE(S)”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

Resolved

That subject to the passing of Ordinary Resolution 1, the approval of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the Rights Shares and the approval of other relevant authorities, the Board of Directors of the Company (“Board”) be and is hereby authorized to provisionally allot and issue by way of a renounceable rights issue of up to 127,756,817 Rights Shares at an issue price of RM2.80 per Rights Share to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined by the Board (“Entitled Shareholders”), on the basis of two (2) Rights Shares for every seven (7) SOPB Shares held by the Entitled Shareholders for the purpose and utilization of proceeds as disclosed in the circular to shareholders dated 26 September 2016 (“Circular”).

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 10 OCTOBER 2016 (CONT'D)

That, the proceeds of the Proposed Rights Issue be utilized for the purposes as set out in the Circular, and the Board be authorized with full powers to vary the manner and/or purpose of utilization of such proceeds in such manners as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

That, the Board be and is hereby authorized to deal with any fractional entitlements of the Rights Shares that may arise from the Proposed Rights Issue, in a fair and equitable manner as it shall in its absolute discretion deem fit and expedient, and to be in best interest of the Company (including but not limited to disregarding any or all such fractional entitlements).

That, the Board be and is hereby authorized to take all such necessary steps and do all acts, deeds and things execute, sign, deliver and cause to be delivered on behalf of the Company all such transactions, arrangements, agreements, and/or documents as may be necessary or expedient in order to implement, give effect to and complete the Proposed Rights Issue with full powers to assent to any condition, modification, variation and/or amendment to the terms of the Proposed Rights Issue as the Board may deem fit, necessary and/or expedient in the interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue, including but not limited to determining and vary if deemed fit, necessary and/or expedient, the issue price of any securities issued or to be issued in connection with the Proposed Rights Issue;

AND THAT, this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement, or option and shall continue in full force and effect until Rights Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued and in accordance with the terms of the Proposed Rights Issue.

Certified True Extract



TANG TIONG ING
Director



ERIC KIU KWONG SENG
Company Secretary

Date: 11 OCT 2016

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated on 30 August 1968 in Malaysia under the Act as a private limited company. It was converted to a public limited company on 18 May 1990 and listed on the Main Board (now known as the Main Market) of Bursa Securities on 16 August 1991.

Our company is principally involved in the cultivation of oil palms and the operation of palm oil mills. Further details of the principal activities of our subsidiary companies are set out in **Section 6** of this **Appendix II**.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital is as follows:-

Type	No. of SOPB Shares	Par value (RM)	Total (RM)
Authorised	5,000,000,000	1.00	5,000,000,000
Issued and fully paid-up	443,371,029	1.00	443,371,029

3. CHANGES IN THE ISSUED AND PAID-UP SHARE CAPITAL

The changes in our issued and paid-up share capital for the past three (3) years up to and including the LPD are as follows:-

Date of allotment	No. of SOPB Shares allotted	Par value (RM)	Type of issue /Consideration	Cumulative issued and paid-up share capital (RM)
As at 30.09.2013				438,019,359
16.10.2013 to 30.12.2013	233,900	1.00	Exercise of ESOS Options	438,253,259
15.01.2014 to 31.03.2014	221,200	1.00	Exercise of ESOS Options	438,474,459
15.04.2014 to 30.06.2014	792,400	1.00	Exercise of ESOS Options	439,266,859
15.07.2014 to 30.09.2014	214,000	1.00	Exercise of ESOS Options	439,480,859
31.10.2014 to 15.12.2014	17,500	1.00	Exercise of ESOS Options	439,498,359
15.01.2015 to 31.03.2015	118,600	1.00	Exercise of ESOS Options	439,616,959
15.04.2015 to 15.06.2015	329,950	1.00	Exercise of ESOS Options	439,946,909
02.07.2015 to 30.09.2015	81,900	1.00	Exercise of ESOS Options	440,028,809
15.10.2015 to 29.12.2015	1,277,900	1.00	Exercise of ESOS Options	441,306,709
29.01.2016 to 31.03.2016	214,600	1.00	Exercise of ESOS Options	441,521,309

INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of SOPB Shares allotted	Par value (RM)	Type of issue /Consideration	Cumulative issued and paid-up share capital (RM)
15.04.2016 to 16.06.2016	269,520	1.00	Exercise of ESOS Options	441,790,829
15.07.2016 to 31.08.2016	156,200	1.00	Exercise of ESOS Options	441,947,029
30.09.2016 to 12.10.2016	520,400	1.00	Exercise of ESOS Options	442,467,429
21.10.2016 to 24.10.2016	903,600	1.00	Exercise of ESOS Options	443,371,029

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INFORMATION ON OUR COMPANY (CONT'D)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Acquisition will not have any effect on the substantial shareholders' shareholdings in SOPB as the Acquisition does not involve any issuance of new SOPB Shares.

For the purpose of illustration, assuming all Entitled Shareholders subscribe for their respective entitlements, the proforma effect of the Rights Issue on the substantial shareholders' shareholdings of our Company is set out as follows:-

Minimum Scenario

	As at the LPD				Proforma I After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of SOPB Shares	(1)(%)	No. of SOPB Shares	(1)(%)	No. of SOPB Shares	(2)(%)	No. of SOPB Shares	(2)(%)
Shin Yang Plantation Sdn Bhd	(3)126,294,214	28.48	-	-	(3)162,378,275	28.48	-	-
Pelita Holdings Sdn Bhd	89,704,389	20.23	-	-	115,334,214	20.23	-	-
CIMB Group Nominees (Asing) Sdn Bhd for DBS Bank Ltd	41,515,166	9.36	-	-	53,376,642	9.36	-	-
State Financial Secretary Sarawak	34,887,463	7.87	-	-	44,855,310	7.87	-	-
Tan Sri Datuk Ling Chiong Ho	31,069,808	7.01	126,294,214	(4)28.48	39,946,896	7.01	162,378,275	(4)28.48
Ling Chiong Sing	-	-	126,294,214	(4)28.48	-	-	162,378,275	(4)28.48

Notes:-

- (1) Based on the issued and paid-up share capital of 443,371,029 SOPB Shares as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of 570,048,466 SOPB Shares after the Rights Issue.
- (3) Held directly and through Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Shin Yang Plantation Sdn Bhd and Shin Yang Plantation Sdn Bhd.
- (4) Deemed interested by virtue of his substantial shareholdings in Shin Yang Plantation Sdn Bhd.

INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

	As at the LPD		Proforma I After the full exercise of ESOS Options		Proforma II After Proforma I and the Rights Issue	
	Direct		Direct		Direct	
	No. of SOPB Shares (1)(%)	No. of SOPB Shares (1)(%)	No. of SOPB Shares (2)(%)	No. of SOPB Shares (2)(%)	No. of SOPB Shares (3)(%)	No. of SOPB Shares (3)(%)
Shin Yang Plantation Sdn Bhd	(4)126,294,214	28.48	(4)126,294,214	28.24	(4)162,378,275	28.24
Pelita Holdings Sdn Bhd	89,704,389	20.23	89,704,389	20.06	115,334,214	20.06
CIMB Group Nominees (Asing) Sdn Bhd for DBS Bank Ltd	41,515,166	9.36	41,515,166	9.28	53,376,642	9.28
State Financial Secretary Sarawak	34,887,463	7.87	34,887,463	7.80	44,855,310	7.80
Tan Sri Datuk Ling Chiong Ho	31,069,808	7.01	31,069,808	6.95	39,946,896	6.95
Ling Chiong Sing	-	-	-	-	-	-
		(5)28.48		(5)28.24		(5)28.24

Notes:-

- (1) Based on the issued and paid-up share capital of 443,371,029 SOPB Shares as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of 447,148,859 SOPB Shares after the full exercise of ESOS Options.
- (3) Based on the enlarged issued and paid-up share capital of 574,905,676 SOPB Shares after the Rights Issue.
- (4) Held directly and through Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Shin Yang Plantation Sdn Bhd and Shin Yang Plantation Sdn Bhd.
- (5) Deemed interested by virtue of his substantial shareholdings in Shin Yang Plantation Sdn Bhd.

INFORMATION ON OUR COMPANY (CONT'D)

5. OUR BOARD OF DIRECTORS

5.1 Details of our Directors

The particulars of our Directors as at the LPD are as follows:-

Name*	Age	Profession	Designation	Address
Tan Sri Datuk Ling Chiong Ho	64	Company Director	Group Executive Chairman	Lot 409, Luak Bay 98000 Miri Sarawak
Ling Chiong Sing	60	Company Director	Non- Independent Non-Executive Director	Lot 1378, Pujut 2C Jalan Pujut/Lutong 98000 Miri Sarawak
Ling Lu Kuang	39	Company Director	Non- Independent Non-Executive Director	Lot 409, Luak Bay 98000 Miri Sarawak
Tang Tiong Ing	58	Company Director/ Accountant	Non- Independent Non-Executive Director	Lot 2707, Boulevard Garden Jalan Taman Boulevard 1 98000 Miri Sarawak
Hasbi Bin Suhaili	53	Company Director	Non- Independent Non-Executive Director	No. 12, Taman Won Jalan Matang 93050 Kuching Sarawak
Gerald Rentap Jabu	46	Company Director	Non- Independent Non-Executive Director	Lot 218, Lorong 1B Jalan Wan Alwi 93350 Kuching Sarawak
Kamri Bin Ramlee	56	Company Director	Non- Independent Non-Executive Director	Lot 3195, Lorong Pelita 1D Taman Pelita Jaya Jalan Sultan Tengah Petra Jaya 93050 Kuching Sarawak
Dr. Lai Yew Hock, Dominic	57	Company Director/ Lawyer	Independent Non-Executive Director	Lot 2109, Jalan Kelinai 1 Pujut 7C Jalan Pujut/Lutong 98000 Miri Sarawak
Fong Yoo Kaw @ Fong Yee Kow, Victor	64	Company Director	Independent Non-Executive Director	No. 292, Lorong Kedandi 14 Tabuan Dusun 93350 Kuching Sarawak
Chua Chen San	55	Company Director/ Accountant	Independent Non-Executive Director	Lot 2577, Desa Seri 1 98000 Miri Sarawak

Note:-

* All Directors are Malaysian

INFORMATION ON OUR COMPANY (CONT'D)

5.2 Directors' shareholdings

The Acquisition will not have any effect on the Directors' shareholdings in SOPB as the Acquisition does not involve any issuance of new SOPB Shares.

For the purpose of illustration, assuming all Entitled Shareholders subscribe for their respective entitlements, the proforma effects of the Rights Issue on our Directors' shareholdings are set out below:-

Minimum Scenario

Directors	As at the LPD				Proforma I After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Tan Sri Datuk Ling Chiong Ho	31,069,808	7.01	126,294,214	(3)28.48	39,946,896	7.01	162,378,275	(3)28.48
Ling Chiong Sing	-	-	126,294,214	(3)28.48	-	-	162,378,275	(3)28.48
Ling Lu Kuang	-	-	-	-	-	-	-	-
Tang Tiong Ing	42,880	0.01	(4)132,000	0.03	55,130	0.01	(4)169,714	0.03
Hasbi Bin Suhaili	-	-	-	-	-	-	-	-
Gerald Rentap Jabu	1,000	^	-	-	1,284	^	-	-
Dr Lai Yew Hock, Dominic	39,400	0.01	-	-	50,656	0.01	-	-
Kamri Bin Ramlee	-	-	-	-	-	-	-	-
Fong Yoo Kaw @ Fong Yee Kow, Victor	-	-	-	-	-	-	-	-
Chua Chen San	-	-	-	-	-	-	-	-

Notes:-

- ^ Negligible
- (1) Based on the issued and paid-up share capital of 443,371,029 SOPB Shares as at the LPD.
- (2) Based on the enlarged issued and paid-up share capital of 570,048,466 SOPB Shares after the Rights Issue.
- (3) Deemed interested by virtue of his substantial shareholdings in Shin Yang Plantation Sdn Bhd.
- (4) Deemed interested by virtue of SOPB Shares held by his spouse.

INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Directors	As at the LPD		Proforma I After the full exercise of ESOS Options		Proforma II After Proforma I and the Rights Issue	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares ⁽¹⁾ (%)	No. of Shares ⁽¹⁾ (%)	No. of Shares ⁽²⁾ (%)	No. of Shares ⁽²⁾ (%)	No. of Shares ⁽³⁾ (%)	No. of Shares ⁽³⁾ (%)
Tan Sri Datuk Ling Chiong Ho	31,069,808	126,294,214 ⁽⁴⁾	31,069,808	126,294,214 ⁽⁴⁾	39,946,896	162,378,275 ⁽⁴⁾
Ling Chiong Sing	-	126,294,214 ⁽⁴⁾	-	126,294,214 ⁽⁴⁾	-	162,378,275 ⁽⁴⁾
Ling Lu Kuang	-	-	-	-	-	-
Tang Tiong Ing	42,880	⁽⁵⁾ 132,000	42,880	⁽⁵⁾ 132,000	55,131	⁽⁵⁾ 169,714
Hasbi Bin Suhaili	-	-	-	-	-	-
Gerald Rentap Jabu	1,000	-	1,000	-	1,286	-
Dr Lai Yew Hock, Dominic	39,400	-	39,400	-	50,657	-
Kamri Bin Ramlee	-	-	-	-	-	-
Fong Yoo Kaw @ Fong Yee Kow, Victor	-	-	-	-	-	-
Chua Chen San	-	-	-	-	-	-

Notes:-

^ Negligible

(1) Based on the issued and paid-up share capital of 443,371,029 SOPB Shares as at the LPD.

(2) Based on the enlarged issued and paid-up share capital of 447,148,859 SOPB Shares after the full exercise of ESOS Options.

(3) Based on the enlarged issued and paid-up share capital of 574,905,676 SOPB Shares after the Rights Issue.

(4) Deemed interested by virtue of his substantial shareholdings in Shin Yang Plantation Sdn Bhd.

(5) Deemed interested by virtue of SOPB Shares held by his spouse.

INFORMATION ON OUR COMPANY (CONT'D)

6. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINTLY-CONTROLLED ENTITIES

Our subsidiaries and associate companies as at the LPD are set out below:-

Name	Date / Place of Incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest (%)
<u>Subsidiaries of SOPB</u>				
SOP Karabungan Sdn Bhd	17.08.2004 / Malaysia	Cultivation of oil palms	RM10,000,000	70.0
SOP Pelita Batu Lintang Plantation Sdn Bhd	29.03.2006 / Malaysia	Cultivation of oil palms	RM5,640,100	60.0
SOP Plantations (Balingian) Sdn Bhd	07.04.1997 / Malaysia	Cultivation of oil palms	RM6,000,000	80.0
SOP Plantations (Beluru) Sdn Bhd	17.07.2000 / Malaysia	Cultivation of oil palms	RM95,300,000	100.0
SOP Plantations (Borneo) Sdn Bhd	21.10.1995 / Malaysia	Cultivation of oil palms	RM5,000,000	85.0
SOP Plantations (Kemena) Sdn Bhd	26.05.2004 / Malaysia	Cultivation of oil palms	RM35,500,000	100.0
SOP Plantations (Niah) Sdn Bhd	11.03.1997 / Malaysia	Cultivation of oil palms	RM7,500,000	80.0
SOP Plantations (Sarawak) Sdn Bhd	07.10.2003 / Malaysia	Investment holding	RM500,000	100.0
SOP Plantations (Suai) Sdn Bhd	07.04.1997 / Malaysia	Cultivation of oil palms	RM2,000,000	85.0
SOP Plantations (Sabaju) Sdn Bhd	07.11.1996 / Malaysia	Cultivation of oil palms	RM20,965,420	60.0
SOP Resources Sdn Bhd	23.11.2005 / Malaysia	Supply of goods	RM2,000,000	100.0
SOP Services Sdn Bhd	26.09.2007 / Malaysia	General insurance agency	RM2	100.0
SOP Industries Sdn Bhd	09.01.2007 / Malaysia	Investment holding	RM60,800,000	100.0
SOP Properties Sdn Bhd	11.09.2001 / Malaysia	Property development	RM5,000,000	100.0
SOP-Pelita Developments Sdn Bhd	25.11.2009 / Malaysia	Inactive	RM100,000	65.0
SOP Agro Sdn Bhd	11.07.2012 / Malaysia	Processing of oil palm by-products	RM1,000,000	100.0
SOP Lambirmass Sdn Bhd	25.10.2011 / Malaysia	Inactive	RM100	100.0
SOP Transport Sdn Bhd	25.04.2013 / Malaysia	Provision of transportation services	RM1,000,000	100.0

INFORMATION ON OUR COMPANY (CONT'D)

Name	Date / Place of Incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest (%)
<u>Subsidiaries of SOPB (Cont'd)</u>				
Subur Asiamas Sdn Bhd	21.05.2013 / Malaysia	Packaging and distribution of food products	RM500,000	70.0
SOPB Pte Ltd	18.06.2013 / Singapore	Sales and marketing agents and trading of palm products	SGD2,702,733	100.0
Asia Oils Investment Pte Ltd (formerly known as Investment Pte Ltd)	06.03.2016 / Singapore	Investment holding	SGD100,000	100.0
<u>Subsidiaries of SOP Industries Sdn Bhd</u>				
SOP Green Energy Sdn Bhd	11.12.2002 / Malaysia	Manufacturing of biodiesel	RM20,000,000	100.0
SOP Edible Oils Sdn Bhd	05.02.2001 / Malaysia	Refining and trading of palm products	RM40,000,000	100.0
SOP Foods Sdn Bhd	04.09.2014 / Malaysia	Manufacturing of bottles for the consumer packing plant	RM2	100.0
SOP Nutraceuticals Sdn Bhd	25.11.2015 / Malaysia	Inactive	RM2	100.0
<u>Subsidiary of SOP Edible Oils Sdn Bhd</u>				
Asia Oils Pte Ltd	06.03.2016 / Singapore	General wholesale trading	USD2,000,000	100.0
<u>Subsidiary of SOP Plantations (Beluru) Sdn Bhd</u>				
Setia Wiramaju Sdn Bhd	10.02.2010 / Malaysia	Management and maintenance of roads and barge	RM1,600,000	51.8
<u>Subsidiaries of SOP Properties Sdn Bhd</u>				
SOP Properties (Mortgage) Sdn Bhd	08.05.2015 / Malaysia	Inactive	RM100,000	100.0
Wawasan Asiamaju Sdn Bhd	12.07.2012 / Malaysia	Inactive	RM100,000	51.0
<u>Associate companies of SOPB</u>				
Micaline Sdn Bhd	05.02.2002 / Malaysia	Shipping agency	RM21,900,000	45.0

We have no jointly controlled entities as at the LPD.

INFORMATION ON OUR COMPANY (CONT'D)

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYE 31 December 2013 to 31 December 2015 and the unaudited consolidated financial statements for the six (6) month FPE 30 June 2016 are as follows:-

	Audited				Unaudited	
	FYE 31 December				Six (6) month FPE 30 June	
	2012 (RM'000)	2013 (RM'000)	2014 (RM'000)	2015 (RM'000)	2015 (RM'000)	2016 (RM'000)
Revenue	1,314,943	1,711,402	2,874,718	3,670,787	1,395,455	1,989,306
Cost of sales	(1,021,265)	(1,455,855)	(2,510,516)	(3,313,882)	(1,306,371)	(1,822,165)
Gross profit	293,678	255,547	364,202	356,905	89,084	167,141
Other operating income	5,626	4,171	10,930	11,245	11,871	34,152
Selling and marketing expenses	(73,916)	(86,992)	(142,890)	(166,312)	(32,382)	(95,629)
Administrative expenses	(7,748)	(11,370)	(19,930)	(14,225)	(5,916)	(8,432)
Other operating expenses	(3,389)	(5,550)	(28,764)	(38,374)	(15,920)	(10,771)
Operating profit	214,251	155,806	183,548	149,239	46,737	86,461
Finance income	12,709	11,576	14,129	13,269	5,624	6,300
Finance costs	(13,380)	(28,365)	(36,230)	(39,274)	(19,009)	(18,699)
Share of results of an associate	355	614	(1,311)	528	(779)	2,187
PBT	213,935	139,631	160,136	123,762	32,573	76,249
Income tax expense	(50,333)	(38,995)	(36,737)	(31,859)	(8,959)	(17,336)
PAT	163,602	100,636	123,399	91,903	23,614	58,913
Profit attributable to:						
Owners of the Company	156,776	91,805	115,409	88,452	22,523	58,592
Non-controlling interests	6,826	8,831	7,990	3,451	1,091	321
Earnings before interest, tax, depreciation and amortisation	278,013	238,047	276,282	257,887	97,520	142,007
Profit margin						
Gross profit margin (%)	22.33	14.93	12.67	9.72	6.38	8.40
PBT margin (%)	16.27	8.16	5.57	3.37	2.33	3.83
PAT margin (%)	12.44	5.88	4.29	2.50	1.69	2.96
Number of Shares in issue ('000)	436,548	438,253	439,498	441,307	441,307	441,791
EPS (sen)						
Basic	36.0	21.0	26.3	20.1	5.12	13.3
Diluted	35.5	20.7	26.0	20.0	5.09	13.2
Gross dividend per Share (sen)	6.0	4.50	5.00	5.00	5.00	5.00

INFORMATION ON OUR COMPANY (CONT'D)

Commentary on financial performance**FYE 31 December 2013**

For the FYE 31 December 2013, our revenue increased by approximately 30.3% to RM1.71 billion from RM1.31 billion for the FYE 31 December 2012. The increase in revenue was attributed to higher sales volume of palm oil products. In addition, our FFB production for the FYE 31 December 2013 increased by approximately 8% to 0.96 million metric tonnes ("MT"), as compared to the FYE 31 December 2012 primarily due to an enlarged mature planted area and higher proportion of planted palms attaining prime age. Despite the increased production, we saw a decrease in the yield per hectare from 18.21 MT per hectare for the FYE 31 December 2012 to 17.09 MT per hectare for the FYE 31 December 2013 as a result of dilution effects from the lower yields of young matured areas.

We recorded a lower PAT of approximately RM100.6 million for the FYE 31 December 2013 as compared to a PAT of approximately RM163.6 million for the FYE 31 December 2012, representing a decrease of approximately 38.5%. The decrease in PAT for the FYE 31 December 2013 was mainly attributed to lower palm oil products prices as the weighted average prices realised for palm oil products for the FYE 31 December 2013 was RM2,324 per MT as compared to RM2,725 per MT for the FYE 31 December 2012, representing a decrease of approximately 14.7%.

FYE 31 December 2014

For the FYE 31 December 2014, our revenue increased by approximately 67.8% to RM2.87 billion from RM1.71 billion for the FYE 31 December 2013. The increase in revenue was attributed to higher sales volume of palm oil products and also higher palm oil product prices realised. Our FFB production for the FYE 31 December 2014 increased by 9% to 1.05 million MT as compared to the FYE 31 December 2013 whilst yield per hectare increased to 17.50 MT per hectare for the FYE 31 December 2014 from 17.09 MT per hectare for the preceding year. The increased production was primarily attributed to higher proportion of planted palms attaining prime age.

We recorded a higher PAT of approximately RM123.4 million for the FYE 31 December 2014 as compared to a PAT of approximately RM100.6 million for the FYE 31 December 2013, representing an increase of approximately 22.7%. Aside from the increase in FFB production, the increase in PAT for the FYE 31 December 2014 was also attributed to higher palm oil products prices as the weighted average prices realised for palm oil products for the FYE 31 December 2014 was RM2,441 per MT as compared to RM2,324 per MT for the FYE 31 December 2013, representing an increase of approximately 5.0%.

FYE 31 December 2015

For the FYE 31 December 2015, our revenue increased by approximately 27.9% to RM3.67 billion from RM2.87 billion for the FYE 31 December 2014. The increase in revenue was attributed to higher sales volume of palm oil products. Our FFB production for the FYE 31 December 2015 increased by 8% to 1.13 million MT as compared to 1.05 million MT in the FYE 31 December 2014. Furthermore, yield per hectare improved to 18.55 MT per hectare for the FYE 31 December 2015 from 17.50 MT per hectare for the FYE 31 December 2014 due principally to higher proportion of planted palms attaining prime age.

INFORMATION ON OUR COMPANY (CONT'D)

However, we recorded a lower PAT of approximately RM91.9 million for the FYE 31 December 2015 as compared to a PAT of approximately RM123.4 million for the FYE 31 December 2014, representing a decrease of approximately 25.5%. The decrease in PAT for the FYE 31 December 2015 was mainly attributed to lower palm oil products prices as the weighted average realised price for palm oil products for the FYE 31 December 2015 was RM2,148 per MT as compared to RM2,441 per MT for the FYE 31 December 2014, representing a decrease of approximately 12.0%.

Unaudited six (6) month FPE 30 June 2016

For the unaudited six (6) month FPE 30 June 2016, our revenue increased by approximately RM0.59 billion or 42.6% to RM1.99 billion as compared to RM1.39 billion for the corresponding unaudited six (6) month FPE 30 June 2015. The increase in revenue was attributed to higher sales volume and favourable palm oil product prices. Additionally, we recorded a higher other operating income of RM34.2 million for the unaudited six (6) month FPE 30 June 2016 compared with RM11.9 million in the corresponding unaudited six (6) month FPE 30 June 2015 mainly due to gains from foreign currency exchange and commodity derivatives.

We recorded a higher PAT of approximately RM58.9 million for the unaudited six (6) month FPE 30 June 2016 as compared to a PAT of approximately RM23.6 million for the unaudited six (6) month FPE 30 June 2015, representing an increase of approximately 149.6%. The increase was in line with the higher sales volume transacted and favourable palm oil product prices which averaged at RM2,757 per MT.

8. HISTORICAL PRICES

The monthly highest and lowest closing market prices of SOPB Shares as traded on Bursa Securities for the past twelve (12) months from November 2015 to October 2016 are set out below:-

	High RM	Low RM
2015		
November	4.93	4.60
December	4.60	4.18
2016		
January	4.50	3.95
February	4.75	4.00
March	5.03	4.23
April	4.98	4.37
May	4.49	3.99
June	4.15	3.92
July	4.20	3.56
August	3.83	3.49
September	3.92	3.66
October	3.77	3.68

Last transacted price of SOPB Shares on 4 July 2016
(being the date prior to the announcement of the Corporate Exercises) 4.15

Last transacted price of SOPB Shares on the LPD 3.70

Last transacted price of SOPB Shares on 10 November 2016
(being the date prior to the ex-date for the Rights Issue) 3.71

(Source: Bloomberg)

INFORMATION ON SYOP

1. BACKGROUND AND HISTORY

SYOP was incorporated in Malaysia on 30 October 2009 under the Act as a private limited company, and commenced operations in 2012.

On 1 June 2016, SYOP had entered into an agreement with SYFSB to purchase from SYFSB the business of owning, operating, running and managing the Oil Palm Plantations, the business and employment contracts as well as the plantation assets located on the Lands for a consideration equivalent to the fair value of the biological assets and vehicles amounting to RM588,573,458 ("**Agreement**"). The purchase was effected to allow SYOP to merge its business in order to achieve higher efficiency, productivity and economies of scale.

2. PRINCIPAL ACTIVITY

SYOP is principally involved in the cultivation of oil palm plantations, the operation of a palm oil mill and production and sale of crude palm oil and palm kernel in Malaysia.

3. SHARE CAPITAL

As at the LPD, the authorised and the issued and paid-up share capital of SYOP are as follows:-

Type	No. of SYOP Shares	Par value (RM)	Total (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	2,000,000	1.00	2,000,000

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INFORMATION ON SYOP (CONT'D)

4. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the LPD, the details of the Directors and their respective shareholdings in SYOP are as follows:-

Name	Designation	Nationality	Direct		Indirect	
			No. of SYOP Shares ('000)	(%)	No. of SYOP Shares ('000)	(%)
Tan Sri Datuk Ling Chiong Ho	Director	Malaysian	-	-	⁽¹⁾ 2,000	100.00
Ling Chiong Sing	Director	Malaysian	-	-	⁽¹⁾ 2,000	100.00
Ling Chiong Pin	Director	Malaysian	-	-	⁽¹⁾ 2,000	100.00
Ling Chiong Sieng	Director	Malaysian	-	-	⁽¹⁾ 2,000	100.00
Ling Lu Kiong	Director	Malaysian	-	-	-	-
Wong Kai Song	Director	Malaysian	-	-	-	-
Hasbi Bin Suhaili ⁽²⁾	Director	Malaysian	-	-	-	-
Wong Hee Kwong ⁽²⁾	Director	Malaysian	-	-	-	-

Notes:-

(1) Deemed interested under Section 6A of the Act by virtue of his shareholdings in SYHSB.

(2) Appointed on 4 July 2016 pursuant to the Acquisition.

As at the LPD, the details of the sole shareholder of SYOP are as follows:-

Name	Country of incorporation	Direct		Indirect	
		No. of SYOP Shares ('000)	(%)	No. of SYOP Shares ('000)	(%)
SYHSB	Malaysia	2,000,000	100.00	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, SYOP does not have any subsidiaries or associate companies.

6. MATERIAL CONTRACTS

As the LPD, save for the Agreement, SYOP has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the LPD of this Abridged Prospectus.

7. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results/position of SYOP.

INFORMATION ON SYOP (CONT'D)
8. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results/position of SYOP.

9. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, SYOP is not engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, and the directors of SYOP are not aware of and do not have any knowledge of any proceedings pending or threatened against SYOP, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of SYOP.

10. FINANCIAL INFORMATION OF SYOP

The summary of the financial information of SYOP for the past three (3) financial years up to the FYE 30 June 2016 is set out as follows:-

	Audited		
	FYE 30 June		
	2014 (RM'000)	2015 (RM'000)	2016 (RM'000)
Revenue	112,359	113,474	154,655
Cost of sales	(101,577)	(101,120)	(125,914)
Gross profit	10,782	12,354	28,741
Other operating income	71	135	97
Selling and marketing expenses	(7,221)	(4,716)	(6,700)
Administrative expenses	(695)	(482)	(489)
Profit from operations	2,937	7,291	21,650
Finance costs	(2,079)	(2,593)	(2,673)
PBT	858	4,698	18,977
Taxation	(198)	(1,163)	(4,529)
PAT	660	3,535	14,448
Gross EPS (RM)	5.39	6.18	14.37
Net EPS (RM)	0.33	1.77	7.22
Share capital	2,000	2,000	2,000
Shareholders' funds/NA	3,479	7,014	21,462
NA per share (RM)	1.74	3.51	10.73
Current ratio (times)	0.74	0.76	0.83
Total interest-bearing borrowings	56,184	50,340	54,325
Gearing (times) ⁽¹⁾	16.15	7.18	2.53

Note:-

(1) Calculated based on the total interest-bearing borrowings divided by the shareholder's funds/NA.

INFORMATION ON SYOP (CONT'D)

There has been no audit qualification on the audited financial statements of SYOP for the financial years under review. The adoption of new or amended accounting policies did not have any significant impact on the financial performance or position of SYOP for the financial years under review.

Commentary on past performance:-**FYE 30 June 2014**

SYOP recorded revenue of RM112.4 million for FYE 30 June 2014 as compared to RM42.7 million achieved in FYE 30 June 2013. The increase in revenue was attributed to the increase in mill capacity utilisation from approximately 22.9% in FYE 30 June 2013 to approximately 48.1% in FYE 30 June 2014. The oil extraction rate ("OER") achieved increased from 22.9% in FYE 30 June 2013 to 23.6% in FYE 30 June 2014.

The PBT was RM0.9 million as compared to RM1.36 million achieved in FYE 30 June 2013 primarily due to higher costs of raw materials, and repair and maintenance costs.

FYE 30 June 2015

SYOP sustained its revenue at RM113.5 million in FYE 30 June 2015, compared to RM112.4 million in FYE 30 June 2014, which was attributed to consistent sales volume of CPO. The mill capacity utilisation increased to approximately 56.4% in FYE 30 June 2015 compared to approximately 48.1% in FYE 30 June 2014, with the OER sustained at 23.7% in FYE 30 June 2015, compared to 23.6% in FYE 30 June 2014.

In terms of profit, SYOP achieved a PBT of RM4.7 million in FYE 30 June 2015 as compared to RM0.9 million achieved in FYE 30 June 2014 primarily due to higher operational efficiencies.

FYE 30 June 2016

SYOP achieved revenue of RM154.7 million in the FYE 30 June 2016 compared with RM113.5 million recorded in FYE 30 June 2015 which was mainly due to higher production and sales of CPO. The mill capacity utilisation increased to approximately 70.3% in FYE 30 June 2016, compared to approximately 56.4% in FYE 30 June 2015, with OER sustained at 23.9% in FYE 30 June 2016, compared to 23.7% in FYE 30 June 2015.

In tandem with the increase in revenue, SYOP achieved a PBT of RM19.0 million in FYE 30 June 2016.

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INFORMATION ON SYOP (CONT'D)

11. INFORMATION ON THE SYOP ASSETS

The details of the Oil Palm Plantations and Mill held under SYOP are as follows:-

Oil Palm Plantations and Mill						
	Maleh	Menawan 1	Menawan 2	Metanik 1	Metanik 2	Penyuan 1
Registered owner/ Beneficiary	SYOP					
Location	Between Batang Belaga and Sungai Murum, Belaga District, Kapit Division, Sarawak					
Title/ Lot no.	Lots 30 – 42 all of Block 89, Murum Land District and Lots 40 – 64 all of Block 90, Punan Land District					
Tenure	Leasehold 60 years from 14 July 2016					
Special condition	This land to be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon					
Description and existing use	Oil palm plantations					
Planted area (hectares)	755.58	2,197.28	2,663.38	2,778.18	2,519.30	2,456.83
Age of palms (years)	0 - 4	1 - 11	1 - 10	1 - 11	0 - 11	1 - 16
Net book value (RM'000) ⁽¹⁾	<----- Collectively 365,392 ----->					
Market value (RM'000)	<----- Collectively 862,760 ----->					
Valuation method	Investment method of valuation					
Encumbrances	Nil	Nil	Nil	Nil	Nil	Nil
Production of FFB (Metric tonnes "MT")	Calendar year:					
	2013	-	18,426	10,565	25,416	22,995
	2014	-	19,619	13,022	30,441	26,293
	2015	249	25,362	19,548	35,626	33,933
Independent Valuer	CH Williams					
Date of valuation	31 March 2016					

INFORMATION ON SYOP (CONT'D)

Oil Palm Plantations and Mill (cont'd)							
	Penyuan 2	Penyuan 3	Sehat	Seping 1	Seping 2	Metanik Mill	
Registered owner/ Beneficiary	SYOP						
Location	Between Batang Belaga and Sungai Murum, Belaga District, Kapit Division, Sarawak						
Title/ Lot no. ⁽¹⁾	Lots 30 – 42 all of Block 89, Murum Land District and Lots 40 – 64 all of Block 90, Punan Land District						
Tenure	Leasehold 60 years from 14 July 2016						
Special condition	This land to be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon						
Description and existing use	Oil palm plantation						
Planted area (hectares)	3,092.87	2,291.06	2,216.02	1,518.09	1,310.01	Palm oil mill commissioned in 2012 with a capacity of 60 MT per hour	
Age of palms (years)	0 - 7	0 - 6	0 - 6	0 - 12	0 - 8	Not applicable ⁽³⁾	
Net book value (RM'000) ⁽²⁾	----->						
Market value (RM'000)	----->						
Valuation method	Investment method of valuation						
Encumbrances	Nil	Nil	Nil	Nil	Nil	Cost Method Charged to Hong Leong Bank Berhad	
Production of FFB (Metric tonnes "MT")	Calendar year:						
	2013	853	767	-	18,324	174	CPO production in MT
	2014	3,403	1,750	705	22,227	757	
	2015	7,689	3,856	3,023	29,873	2,367	
Independent Valuer	CH Williams						
Date of valuation	31 March 2016						

Notes:-

- (1) The document of titles for the provisional lease of the Lands have been issued by the Lands and Surveys Department, Kapit Division, on 14 July 2016 and described as Lots 30 to 42, all of Murum Land District and Lots 40 to 64, all of Punan Land District.
- (2) Based on the audited accounts of SYOP and management accounts of SYOP as at 31 March 2016.
- (3) Not available as the Metanik Mill is currently sited on the Metanik 2 Estate.
- (4) The average oil extraction rates of Metanik Mill for years 2013, 2014 and 2015 are 22.94%, 23.55% and 23.65% respectively.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016



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ACCOUNTANTS' REPORT (Prepared for inclusion in the Abridged Prospectus of Sarawak Oil Palms Berhad dated 15 November 2016)

1 November 2016

The Board of Directors
Sarawak Oil Palms Berhad
No 124 - 126 Jalan Bendahara
98000 Miri Sarawak

Dear Sirs

**SARAWAK OIL PALMS BERHAD ("SOPB")
ACCOUNTANTS' REPORT**

RENOUNCEABLE RIGHTS ISSUE OF UP TO 127,756,817 NEW ORDINARY SHARES OF RM1.00 EACH IN SOPB ("RIGHTS SHARE(S)"), ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING ORDINARY SHARES OF RM1.00 EACH IN SOPB ("SOPB SHARE(S)") HELD AS AT 5.00PM ON 15 NOVEMBER 2016 AT AN ISSUE PRICE OF RM2.80 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE ("RIGHTS ISSUE")

1. INTRODUCTION

This report has been prepared by Ernst & Young, a firm of approved company auditors, for inclusion in the Prospectus of Sarawak Oil Palms Berhad ("SOPB") in connection with the Rights Issue.

This report is issued for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia in connection with the Rights Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Rights Issue described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Rights Shares.

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

2. CONTENT OF THIS REPORT

	Section of this report
General information	3.0
Background	3.1
Rights issue	3.2
Utilisation of proceeds	3.3
Share capital	3.4
Financial statements and auditors	3.5
Dividends and distributions	3.6
Audited historical financial information of Shin Yang Oil Palm (Sarawak) Sdn. Bhd. ("SYOP")	4.0
Basis of preparation of financial information of Shin Yang Oil Palm (Sarawak) Sdn. Bhd. ("SYOP")	4.1
Historical financial information of Shin Yang Oil Palm (Sarawak) Sdn. Bhd. ("SYOP")	4.2 - 4.29

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

**3.0 GENERAL INFORMATION****3.1 BACKGROUND**

On 4 July 2016, SOPB entered into a share sale agreement with Shin Yang Holding Sendirian Berhad ("SYHSB") to acquire the entire equity interest in the issued and paid-up share capital of SYOP from the SYHSB and to assume the inter-company balances owing by SYOP to Shin Yang Forestry Sdn. Bhd. ("SYF"), a subsidiary of SYHSB, for a total cash consideration of RM873,005,875.

Shin Yang Oil Palm (Sarawak) Sdn. Bhd. ("SYOP" or "the Company") is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of SYOP is located at Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak. SYOP is a wholly-owned subsidiary of SYHSB, a company incorporated in Malaysia.

On 1 June 2016, SYOP acquired from Shin Yang Forestry Sdn. Bhd. ("SYF") its oil palm plantation business comprising biological assets, infrastructure, buildings, vehicles and machineries used in the plantation business for a total cash consideration of RM588,573,458.

SYOP was principally involved in the operations of a palm oil mill. Subsequent to the acquisition of the oil palm plantation business, it has expanded its activities to include cultivation of oil palms.

Upon completion of the acquisition, SOPB will hold the entire equity interest in SYOP, thereby making SYOP a wholly-owned subsidiary of SOPB.

3.2 RIGHTS ISSUE

To part finance the acquisition of SYOP, SOPB will undertake a renounceable rights issue of up to 127,756,817 new ordinary shares of RM1.00 each in SOPB ("Rights Share(s)"), on the basis of two (2) Rights Shares for every seven (7) existing ordinary shares of RM1.00 each in SOPB at an issue price of RM2.80 per Rights Share payable in full upon acceptance ("Rights Issue").

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

3.0 GENERAL INFORMATION (CONTD.)
3.3 UTILISATION OF PROCEEDS

The purchase consideration of RM873,005,875 will be settled via:

	RM'000
Proceeds from the Rights Issue	350,397
Bank borrowings	500,000
Internally generated funds	22,609
	<u>873,006</u>

3.4 SHARE CAPITAL

At the date of this report, the authorised and issued and paid-up share capital of SYOP since its incorporation are as follows:

(i) Authorised

Date of incorporation/ Date of creation	Par value RM	Number of Ordinary Shares	Cumulative authorised share capital RM
30 October 2009	1.00	100,000	100,000
7 June 2010	1.00	900,000	1,000,000
15 June 2011	1.00	4,000,000	5,000,000

(ii) Issued and paid-up share capital

Date of allotment	Par value RM	Number of Ordinary Shares	Consideration RM	Cumulative issued and paid-up share capital RM
30 October 2009	1.00	2	2	2
7 June 2010	1.00	999,998	999,998	1,000,000
15 June 2011	1.00	1,000,000	1,000,000	2,000,000

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)



3.0 GENERAL INFORMATION (CONTD.)

3.5 FINANCIAL STATEMENTS AND AUDITORS

The financial year end of SYOP is 30 June. The financial statements of SYOP were audited by Ernst & Young for all the relevant financial years under review.

We have audited the financial statements of SYOP, which comprise the balance sheets as at 30 June 2014, 30 June 2015 and 30 June 2016, the income statements, statements of changes in equity and cash flow statements for the respective financial then ended, and have issued our reports thereon dated 2 December 2014, 30 November 2015 and 31 October 2016.

3.6 DIVIDENDS AND DISTRIBUTIONS

SYOP has not paid or declared any dividends since incorporation.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)



4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP

4.1 BASIS OF PREPARATION OF FINANCIAL INFORMATION OF SYOP

This report has been prepared based on the audited financial statements of SYOP for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016. These financial statements have been prepared in accordance with Private Entity Reporting Standards ("PERS") in Malaysia.

The above-mentioned financial statements have been drawn up by the directors of SYOP so as to give a true and fair view of the financial positions of SYOP, and their financial performance and cash flows for the financial years then ended, and were reported by us without qualification.

The financial information from the above-mentioned financial statements do not purport to predict the financial position, results and cash flows of SYOP.

The financial statements of SYOP are presented in Ringgit Malaysia ("RM").

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**


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4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.2 INCOME STATEMENTS

The income statements of SYOP for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 are as follows:

	Note	2014 RM	2015 RM	2016 RM
Revenue	4.7	112,359,205	113,473,532	154,655,042
Cost of sales		(101,577,332)	(101,120,003)	(125,913,559)
Gross profit		10,781,873	12,353,529	28,741,483
Other operating income		71,005	135,586	97,155
Selling and marketing expenses		(7,220,843)	(4,715,619)	(6,700,073)
Administrative expenses		(695,127)	(482,359)	(488,716)
Profit from operations	4.8	2,936,908	7,291,137	21,649,849
Finance costs	4.9	(2,078,867)	(2,593,345)	(2,673,206)
Profit before taxation		858,041	4,697,792	18,976,643
Taxation	4.11	(198,097)	(1,162,976)	(4,528,874)
Profit after taxation		659,944	3,534,816	14,447,769

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.3 BALANCE SHEETS

The balance sheets of SYOP as at 30 June 2014, 30 June 2015 and 30 June 2016 are as follows:

	Note	2014 RM	2015 RM	2016 RM
NON-CURRENT ASSETS				
Property, plant and equipment	4.12	44,963,962	43,104,790	172,067,565
Plantation development expenditure	4.13	-	-	491,348,635
Intangible asset	4.14	-	-	121,295,120
		<u>44,963,962</u>	<u>43,104,790</u>	<u>784,711,320</u>
CURRENT ASSETS				
Inventories	4.15	1,548,799	2,383,468	3,077,974
Trade receivable	4.16	5,518,546	5,961,856	9,083,842
Other receivables	4.17	17,916,958	17,790,986	32,493,625
Cash and bank balances	4.18	6,017,966	3,905,813	8,818,914
		<u>31,002,269</u>	<u>30,042,123</u>	<u>53,474,355</u>
CURRENT LIABILITIES				
Borrowings	4.19	26,539,813	25,711,203	39,232,379
Trade payables	4.21	12,076,985	12,077,163	13,427,657
Other payables	4.22	3,454,598	1,796,226	4,909,642
Land premium payable	4.23	-	-	6,965,391
		<u>42,071,396</u>	<u>39,584,592</u>	<u>64,535,069</u>
NET CURRENT LIABILITIES		<u>(11,069,127)</u>	<u>(9,542,469)</u>	<u>(11,060,714)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,894,835</u>	<u>33,562,321</u>	<u>773,650,606</u>

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.3 BALANCE SHEETS (CONTD.)

The balance sheets of SYOP as at 30 June 2014, 30 June 2015 and 30 June 2016 are as follows: (Contd.)

	Note	2014 RM	2015 RM	2016 RM
NON-CURRENT LIABILITIES				
Borrowings	4.19	29,643,759	24,628,484	15,093,106
Other payables	4.22	-	-	588,573,458
Land premium payable	4.23	-	-	20,778,442
Deferred taxation	4.24	771,649	1,919,594	127,743,588
		<u>30,415,408</u>	<u>26,548,078</u>	<u>752,188,594</u>
		<u>3,479,427</u>	<u>7,014,243</u>	<u>21,462,012</u>
FINANCED BY:				
Share capital	4.25	2,000,000	2,000,000	2,000,000
Retained profits	4.26	<u>1,479,427</u>	<u>5,014,243</u>	<u>19,462,012</u>
Shareholders' equity		<u>3,479,427</u>	<u>7,014,243</u>	<u>21,462,012</u>

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.4 STATEMENTS OF CHANGES IN EQUITY

The statements of changes in equity of SYOP for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 are as follows:

	Share Capital RM	Retained Profits RM	Total RM
At 1 July 2013	2,000,000	819,483	2,819,483
Profit for the year	-	659,944	659,944
At 30 June 2014	<u>2,000,000</u>	<u>1,479,427</u>	<u>3,479,427</u>
At 1 July 2014	2,000,000	1,479,427	3,479,427
Profit for the year	-	3,534,816	3,534,816
At 30 June 2015	<u>2,000,000</u>	<u>5,014,243</u>	<u>7,014,243</u>
At 1 July 2015	2,000,000	5,014,243	7,014,243
Profit for the year	-	14,447,769	14,447,769
At 30 June 2016	<u>2,000,000</u>	<u>19,462,012</u>	<u>21,462,012</u>

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.5 CASH FLOW STATEMENTS

The cash flow statements of SYOP for financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 are as follows:

	2014 RM	2015 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	858,041	4,697,792	18,976,643
Adjustments for:			
Amortisation of plantation development expenditure	-	-	2,049,227
Depreciation	2,157,739	2,246,520	2,354,323
Interest expenses	2,078,867	2,593,345	2,673,206
Operating profit before working capital changes	5,094,647	9,537,657	26,053,399
Decrease/(Increase) in inventories	939,921	(834,669)	(213,029)
Increase in receivables	(3,523,975)	(495,753)	(3,189,126)
(Decrease)/Increase in payables	(670,544)	(850,069)	30,222,005
Increase in amount due to holding company	-	2,036	9,112
Net change in related companies balances	(12,247,662)	(706,417)	(9,984,202)
Cash (absorbed by)/generated from operations	(10,407,613)	6,652,785	42,898,159
Interest paid	(2,078,867)	(2,593,345)	(2,742,222)
Income tax paid	(200,000)	(133,327)	(2,800,000)
Income tax refunded	-	192,967	125,329
Net cash (used in)/from operating activities	(12,686,480)	4,119,080	37,481,266
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in plantation development expenditure	-	-	(878,812)
Purchase of property, plant and equipment	(1,495,876)	(318,348)	(35,675,151)
Net cash used in investing activities	(1,495,876)	(318,348)	(36,553,963)

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

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4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.5 CASH FLOW STATEMENTS (CONTD.)

The cash flow statements of SYOP for financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 are as follows: (Contd.)

	2014 RM	2015 RM	2016 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in trade financing	18,056,000	(2,669,000)	11,171,000
Proceeds from term loan	6,231,990	359,488	-
Repayment of term loan	(2,656,380)	(3,175,183)	(8,086,681)
Repayment of hire purchase	(324,236)	(317,720)	(56,203)
Net cash from/(used in) financing activities	<u>21,307,374</u>	<u>(5,802,415)</u>	<u>3,028,116</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
	7,125,018	(2,001,683)	3,955,419
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR			
	<u>(1,217,522)</u>	<u>5,907,496</u>	<u>3,905,813</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 4.18)			
	<u>5,907,496</u>	<u>3,905,813</u>	<u>7,861,232</u>

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

**4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)****4.6 SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Preparation**

The financial statements of SYOP have been prepared under the historical cost convention. The financial statements comply with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia.

b) Malaysian Private Entities Reporting Standard

On 14 February 2014, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Private Entities Reporting Standard ("MPERS").

The Company will be required to prepare financial statements using the MPERS in its first MPERS financial statements for the year ending 30 June 2017.

In presenting its first MPERS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MPERS. The adjustments required on transition will be made, retrospectively, against opening retained profits. The financial performance and financial position as disclosed in these financial statements for the year ended 30 June 2016 could be different if prepared under the MPERS.

At the date of these financial statements, the Company has not completed its quantification of the financial effects of the differences between Private Entities Reporting Standards and accounting standards under the MPERS due to the ongoing assessment by the Company. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 30 June 2016 could be different if prepared under the MPERS.

The Company expects to be in a position to fully comply with the requirements of the MPERS for the financial year ending 30 June 2017.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)
c) Business Combinations

During the year, the Company acquired an oil palm plantation business comprising biological assets, infrastructure, buildings and vehicles used in the plantation business. Acquisitions of businesses are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, any equity instruments issued. Any excess of the cost of business combination over the Company's share in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 4.6(f). Any excess of the Company's share in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.6(m).

Leasehold land is depreciated over the leasehold period. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset over the estimated useful life at the following annual rates:

Buildings	2% - 5%
Infrastructure	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Depreciation charges of property, plant and equipment used in the development of the plantation are capitalised in the Plantation Development Expenditure account.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)
e) Plantation Development Expenditure

Plantation development expenditure is stated at cost less amortisation and impairment, if any.

New planting expenditure incurred on planting, upkeep of immature oil palms and interest incurred during the pre-maturity period (pre-cropping costs) are capitalised as plantation development expenditure.

Upon maturity, all subsequent maintenance expenditure is charged to profit or loss and the capitalised pre-cropping cost is amortised on a straight-line basis over 25 years, the expected useful life of the oil palm trees. Replanting expenditure is similarly capitalised and amortised on the above-mentioned basis.

f) Intangible assets
Goodwill

Goodwill represents the excess of the cost of acquisition over SYOP's interest in the fair value of the identifiable assets and liabilities of a business acquisition at the date of acquisition.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items.

Nursery inventories comprising seedlings remaining in nursery for eventual field planting, are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Cost of nursery inventories comprise cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

h) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and at bank, net of outstanding bank overdraft.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

**4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)****4.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****i) Hire Purchase Transactions**

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 4.6(d).

j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**


4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)
j) Income Tax (Contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

k) Employee Benefits
Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Company, except where they are directly attributable to plantation activities, in which case these expenses are capitalised in plantation development expenditure.

Defined Contribution Plans

As required by law, the Company makes contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred, or capitalised in plantation development expenditure, as appropriate.

l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sale of goods

Revenue relating to sale of goods is recognised net of discounts upon the transfer of risks and rewards.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

**4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)****4.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****m) Impairment of Assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

n) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

o) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

p) Interest-Bearing Borrowings

Interest-bearing bank borrowings are recorded at the amount of proceeds received.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing cost eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)
p) Interest-Bearing Borrowings (Contd.)

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

4.7 REVENUE

The revenue of the Company represents sale of crude palm oil and palm kernel.

4.8 PROFIT FROM OPERATIONS

	2014 RM	2015 RM	2016 RM
This is arrived at after charging/(crediting) the following:			
Staff costs (Note 4.10)	2,177,359	3,104,271	4,879,845
Audit fee			
- Current year	7,000	6,000	6,000
- Underprovision in previous year	-	-	1,000
Depreciation (Note 4.12)	2,157,739	2,246,520	2,354,323
Amortisation of plantation development expenditure (Note 4.13)	-	-	2,049,227
Hiring charges	151,033	-	-
Rental expense	60,000	96,250	123,075
Realise loss on foreign exchange	11,769	-	-
Hiring income	(42,876)	-	-
	<u> </u>	<u> </u>	<u> </u>

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**


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4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.9 FINANCE COSTS

	2014 RM	2015 RM	2016 RM
Interest expenses on:			
- Bank overdraft	2,504	5,722	13,061
- Bankers acceptances	585,353	1,008,012	1,314,148
- Hire purchase	23,495	12,263	5,486
- Revolving credit	-	-	14,047
- Term loan	1,467,515	1,567,348	1,395,480
	<u>2,078,867</u>	<u>2,593,345</u>	<u>2,742,222</u>
Less: Amount capitalised in plantation development expenditure (Note 4.13)	-	-	(69,016)
	<u>2,078,867</u>	<u>2,593,345</u>	<u>2,673,206</u>

4.10 STAFF COSTS

Salaries and wages and other related expenses	2,075,912	2,970,350	5,283,401
EPF contributions	101,447	133,921	234,954
	<u>2,177,359</u>	<u>3,104,271</u>	<u>5,518,355</u>
Less: Amount capitalised in plantation development expenditure	-	-	(638,510)
	<u>2,177,359</u>	<u>3,104,271</u>	<u>4,879,845</u>

Included in staff costs of the Company is the Executive Director's emoluments amounting to RM134,400 (2015: RM134,400, 2014: RM134,400).

4.11 TAXATION

	2014 RM	2015 RM	2016 RM
Tax expense for the year			
Malaysian income tax	-	8,000	-
Underprovision in previous year	-	7,031	-
	<u>-</u>	<u>15,031</u>	<u>-</u>

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)


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4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.11 TAXATION (Contd.)

	2014 RM	2015 RM	2016 RM
Deferred tax (Note 4.24):			
Relating to origination of temporary differences	223,071	1,176,682	4,488,143
Effect of reduction in tax rate	-	(79,983)	-
(Over)/Underprovision in previous years	(24,974)	51,246	40,731
	<u>198,097</u>	<u>1,147,945</u>	<u>4,528,874</u>
	<u>198,097</u>	<u>1,162,976</u>	<u>4,528,874</u>

Income tax is calculated at the statutory tax rate of 24% (2015: 25%, 2014: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2014 RM	2015 RM	2016 RM
Profit before taxation	<u>858,041</u>	<u>4,697,792</u>	<u>18,976,643</u>
Taxation at Malaysian statutory tax rate of 24% (2015: 25%, 2014: 25%)	214,510	1,174,448	4,554,394
Effect of expenses not deductible for tax purposes	8,561	10,234	25,514
Effect of reduction in tax rate	-	(79,983)	-
Underprovision of income tax in prior year	-	7,031	-
(Over)/Underprovision of deferred taxation in previous years	(24,974)	51,246	40,731
Others	-	-	(91,765)
Tax expense for the year	<u>198,097</u>	<u>1,162,976</u>	<u>4,528,874</u>

The Company has unabsorbed capital allowances and unabsorbed agriculture allowance available for carrying forward of RM2,240,266 (2015: RM1,205,796, 2014: RM4,908,041) and RM36,235,324 (2015: Nil, 2014: Nil) respectively.

The unabsorbed capital allowances and unabsorbed agriculture allowance of the Company are available for offsetting against future taxable profits subject to provisions in the Income Tax Act 1967 and guidelines issued by the tax authority.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)



4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)

4.12 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings* RM	Infrastructure RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
At 1 July 2013	33,370,023	-	13,695,227	73,288	349,925	47,488,463
Additions	982,948	-	464,280	86,544	39,104	1,572,876
At 30 June 2014	34,352,971	-	14,159,507	159,832	389,029	49,061,339
At 1 July 2014	34,352,971	-	14,159,507	159,832	389,029	49,061,339
Additions	640	-	31,905	76,990	67,813	177,348
At 30 June 2015	34,353,611	-	14,191,412	236,822	456,842	49,238,687
At 1 July 2015	34,353,611	-	14,191,412	236,822	456,842	49,238,687
Additions	19,037,911	51,510,714	19,337,896	6,110,569	-	95,997,090
Acquisition of oil palm plantation business	34,826,952	251,222	263,292	-	18,685	35,360,151
Other additions	-	-	525,000	-	-	525,000
Transferred from capital work-in-progress	88,218,474	51,761,936	34,317,600	6,347,391	475,527	181,120,928
At 30 June 2016	88,218,474	51,761,936	34,317,600	6,347,391	475,527	181,120,928

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)



4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)

4.12 PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Land and buildings* RM	Infrastructure RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
Accumulated Depreciation						
At 1 July 2013	608,783	-	1,286,118	14,658	30,079	1,939,638
Charge for the year (Note 4.8)	682,457	-	1,413,474	16,100	45,708	2,157,739
At 30 June 2014	1,291,240	-	2,699,592	30,758	75,787	4,097,377
At 1 July 2014	1,291,240	-	2,699,592	30,758	75,787	4,097,377
Charge for the year (Note 4.8)	686,760	-	1,459,229	47,364	53,167	2,246,520
At 30 June 2015	1,978,000	-	4,158,821	78,122	128,954	6,343,897
At 1 July 2015	1,978,000	-	4,158,821	78,122	128,954	6,343,897
Charge for the year	766,397	85,851	1,684,583	112,414	60,221	2,709,466
Recognised in income statement (Note 4.8)	699,881	13,862	1,522,492	57,867	60,221	2,354,323
Capitalised in plantation development expenditure (Note 4.13)	66,516	71,989	162,091	54,547	-	355,143
At 30 June 2016	2,744,397	85,851	5,843,404	190,536	189,175	9,053,363

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)



4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)

4.12 PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Land and buildings* RM	Infrastructure RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
Net Book Value						
At 30 June 2014	33,061,731	-	11,459,915	129,074	313,242	44,963,962
At 30 June 2015	32,375,611	-	10,032,591	158,700	327,888	42,894,790
Capital work-in-progress						
At 1 July 2014						-
Additions						210,000
At 30 June 2015						210,000
At 30 June 2016	85,474,077	51,676,085	28,474,196	6,156,855	286,352	43,104,790
Capital work-in-progress						
At 1 July 2015						210,000
Additions						315,000
Transferred to property, plant and equipment						(525,000)
At 30 June 2016						172,067,565

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.12 PROPERTY, PLANT AND EQUIPMENT (Contd.)
*** Leasehold land and buildings**

	Long Term Leasehold		
	Land	Buildings	Total
	RM	RM	RM
Cost			
At 1 July 2013	-	33,370,023	33,370,023
Additions	-	982,948	982,948
At 30 June 2014	-	34,352,971	34,352,971
At 1 July 2014	-	34,352,971	34,352,971
Additions	-	640	640
At 30 June 2015	-	34,353,611	34,353,611
At 1 July 2015	-	34,353,611	34,353,611
Additions			
Acquisition of oil palm plantation business	-	19,037,911	19,037,911
Other additions	34,826,952	-	34,826,952
At 30 June 2016	34,826,952	53,391,522	88,218,474
Accumulated Depreciation			
At 1 July 2013	-	608,783	608,783
Charge for the year	-	682,457	682,457
At 30 June 2014	-	1,291,240	1,291,240
At 1 July 2015	-	1,291,240	1,291,240
Charge for the year	-	686,760	686,760
At 30 June 2016	-	1,978,000	1,978,000
At 1 July 2015	-	1,978,000	1,978,000
Charge for the year	-	766,397	766,397
Recognised in income statement	-	699,881	699,881
Capitalised in plantation development expenditure	-	66,516	66,516
At 30 June 2016	-	2,744,397	2,744,397

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.12 PROPERTY, PLANT AND EQUIPMENT (Contd.)
Net Book Value

	Long Term Leasehold		
	Land	Buildings	Total
	RM	RM	RM
At 30 June 2014	-	33,061,731	33,061,731
At 30 June 2015	-	32,375,611	32,375,611
At 30 June 2016	34,826,952	50,647,125	85,474,077

i) In 2015, the Company acquired property, plant and equipment with total costs of RM387,348 (2014: RM1,572,876) of which RM69,000 (2014: RM77,000) was acquired by means of hire purchase arrangements.

ii) Property, plant and equipment under hire purchase arrangements:

	Plant and Machinery	Motor Vehicles	Total
	RM	RM	RM
Cost			
At 30 June 2014	1,012,565	159,831	1,172,396
At 30 June 2015	763,495	163,533	927,028
At 30 June 2016	-	163,533	163,533
Net Book Value			
At 30 June 2014	762,699	129,074	891,773
At 30 June 2015	540,809	129,384	670,193
At 30 June 2016	-	96,678	96,678

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.12 PROPERTY, PLANT AND EQUIPMENT (Contd.)

- iii) The net book values of property, plant and equipment pledged for borrowings as referred to in Note 4.19 are as follows:

	2014 RM	2015 RM	2016 RM
Buildings	33,061,731	32,375,611	31,688,539

4.13 PLANTATION DEVELOPMENT EXPENDITURE

	2014 RM	2015 RM	2016 RM
Cost			
At 1 July 2013/2014/2015	-	-	-
Additions			
Acquisition of oil palm plantation business-	-	-	492,094,891
Other additions	-	-	1,302,971
At 30 June 2014/2015/2016	-	-	493,397,862
Accumulated amortisation			
At 1 July 2013/2014/2015	-	-	-
Charge for the year (Note 4.8)	-	-	2,049,227
At 30 June 2014/2015/2016	-	-	2,049,227
Net Book Value			
At 30 June 2014/2015/2016	-	-	491,348,635
Current year charges to plantation development expenditure include:-			
Depreciation (Note 4.12)	-	-	355,143
Interest expenses (Note 4.9)	-	-	69,016

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.14 INTANGIBLE ASSET

	2014 RM	2015 RM	2016 RM
Goodwill			
Cost:			
At 1 July 2013/2014/2015	-	-	-
Business acquisition (Note 4.29)	-	-	121,295,120
At 30 June 2014/2015/2016	<u>-</u>	<u>-</u>	<u>121,295,120</u>

Goodwill on business acquisition is entirely attributable to the deferred tax liability resulting from the temporary differences between the fair value of the assets acquired and their tax base upon acquisition of the oil palm plantation business during the year.

4.15 INVENTORIES

	2014 RM	2015 RM	2016 RM
At cost:			
Consumables	716,835	1,003,804	1,105,486
Crude palm oil and palm kernel	616,939	1,129,619	1,131,189
Nursery	-	-	654,497
Raw materials	215,025	250,045	186,802
	<u>1,548,799</u>	<u>2,383,468</u>	<u>3,077,974</u>

4.16 TRADE RECEIVABLE

The Company's normal trade credit term is 7 days.

The carrying amount of the trade receivable is owing by a company in which certain Directors of the Company have substantial financial interests.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.17 OTHER RECEIVABLES

	2014 RM	2015 RM	2016 RM
Amount due from related companies	1,559,522	1,468,338	2,429,166
Sundry receivables	8,685	12,432	8,696
Prepayments	135,661	179,257	249,092
Advanced payments to related companies for fresh fruit bunches	16,000,000	16,000,000	27,000,000
Deposits	13,090	5,630	6,671
Tax recoverable	200,000	125,329	2,800,000
	<u>17,916,958</u>	<u>17,790,986</u>	<u>32,493,625</u>

The amount due from related companies is unsecured, interest-free and has no fixed terms of repayment.

4.18 CASH AND CASH EQUIVALENTS

	2014 RM	2015 RM	2016 RM
Cash on hand and at bank	108,966	3,905,813	8,818,914
Fixed deposits with licensed bank	5,909,000	-	-
	<u>6,017,966</u>	<u>3,905,813</u>	<u>8,818,914</u>
Less: Bank overdraft (Note 4.19)	(110,470)	-	(957,682)
Cash and cash equivalents	<u>5,907,496</u>	<u>3,905,813</u>	<u>7,861,232</u>

The weighted average interest rate and average maturity period of short term deposits at the reporting date were as follows:

	Weighted average interest rate		
	2014 %	2015 %	2016 %
Short term deposits with licensed banks	2.63	-	-
	Average maturity period		
	2014 Days	2015 Days	2016 Days
Short term deposits with licensed banks	28	-	-

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.19 BORROWINGS

	2014 RM	2015 RM	2016 RM
Short Term Borrowings			
Secured:			
Bankers acceptances	17,524,000	15,257,000	23,149,000
Hire purchase (Note 4.20)	305,343	56,203	48,697
Term loan	4,600,000	6,800,000	8,200,000
	<u>22,429,343</u>	<u>22,113,203</u>	<u>31,397,697</u>
Unsecured:			
Bankers acceptances	4,000,000	3,598,000	6,877,000
Bank overdraft (Note 4.18)	110,470	-	957,682
	<u>4,110,470</u>	<u>3,598,000</u>	<u>7,834,682</u>
	<u>26,539,813</u>	<u>25,711,203</u>	<u>39,232,379</u>
Long Term Borrowings			
Secured:			
Hire purchase (Note 4.20)	48,277	48,697	-
Term loan	29,595,482	24,579,787	15,093,106
	<u>29,643,759</u>	<u>24,628,484</u>	<u>15,093,106</u>
Total Borrowings			
Bankers acceptances	21,524,000	18,855,000	30,026,000
Bank overdraft (Note 4.18)	110,470	-	957,682
Hire purchase (Note 4.20)	353,620	104,900	48,697
Term loan	34,195,482	31,379,787	23,293,106
	<u>56,183,572</u>	<u>50,339,687</u>	<u>54,325,485</u>
Maturity of borrowings (excluding hire purchase):			
Not later than 1 year	26,234,470	25,655,000	39,183,682
Later than 1 year but not later than 5 years	<u>29,595,482</u>	<u>24,579,787</u>	<u>15,093,106</u>
	<u>55,829,952</u>	<u>50,234,787</u>	<u>54,276,788</u>

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)


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4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.19 BORROWINGS (CONTD.)

The effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	2014	2015	2016
	%	%	%
Bankers acceptances	4.30 - 4.50	4.05 - 4.81	4.20 - 4.80
Bank overdraft	7.85	N/A	7.85
Term loan	4.52	4.77	4.74

The bankers acceptances, bank overdraft and term loan are secured by the followings:

- i) A specific debenture over a crude palm oil mill as disclosed in Note 4.12;
- ii) Joint and several guarantee by certain Directors of the Company; and
- iii) Corporate guarantee by Shin Yang Holding Sendirian Berhad.

4.20 HIRE PURCHASE PAYABLES

	2014	2015	2016
	RM	RM	RM
Minimum lease payments:			
Not later than 1 year	315,049	59,615	49,817
Later than 1 year but not later than 5 years	50,295	49,817	-
	<u>365,344</u>	<u>109,432</u>	<u>49,817</u>
Less: Finance charges	(11,724)	(4,532)	(1,120)
Present value of finance lease liabilities	<u><u>353,620</u></u>	<u><u>104,900</u></u>	<u><u>48,697</u></u>
Present value of finance lease liabilities:			
Not later than 1 year (Note 4.19)	305,343	56,203	48,697
Later than 1 year but not later than 5 years (Note 4.19)	48,277	48,697	-
	<u><u>353,620</u></u>	<u><u>104,900</u></u>	<u><u>48,697</u></u>

The hire purchase bore interest at the balance sheet date at rates ranging from 4.38% to 4.68% (2015: 4.38% to 5.23%, 2014: 4.38% to 5.23%) per annum.

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.21 TRADE PAYABLES

	2014 RM	2015 RM	2016 RM
Trade payables	371,361	300,402	296,906
Amount due to related companies	11,705,624	11,776,761	13,130,751
	<u>12,076,985</u>	<u>12,077,163</u>	<u>13,427,657</u>

The normal trade credit term granted to the Company is 30 days.

4.22 OTHER PAYABLES

	2014 RM	2015 RM	2016 RM
Current			
Accruals	1,802,610	1,286,068	3,492,725
Sundry payables	442,298	172,980	74,437
Amount due to related companies	1,209,690	328,392	951,028
Amount due to holding company	-	2,036	11,148
Amount due to a director	-	6,750	4,500
GST payable	-	-	375,804
	<u>3,454,598</u>	<u>1,796,226</u>	<u>4,909,642</u>
Non-current			
Amount due to a related company for acquisition of oil palm plantation business (Note 4.29)	-	-	588,573,458
	<u>3,454,598</u>	<u>1,796,226</u>	<u>593,483,100</u>

The amount due to a related company for acquisition of oil palm plantation business will be due and payable later than one year after the balance sheet date.

The other amounts due to related companies, holding company and a director are unsecured, interest-free and have no fixed terms of repayment.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.23 LAND PREMIUM PAYABLE

	2014 RM	2015 RM	2016 RM
Portion payable within 1 year	-	-	8,411,985
Portion payable after 1 year but not later than 5 years	-	-	25,118,224
Total outstanding	-	-	33,530,209
Less: Finance charges	-	-	(5,786,376)
Present value of land premium	-	-	27,743,833

Present value of land premium:

Not later than 1 year	-	-	6,965,391
Later than 1 year but not later than 5 years	-	-	20,778,442
	-	-	27,743,833

Details of the acquisition of long term leasehold land are set out in Note 4.29 to the financial statements.

The land premium bears interest at 8.00% per annum.

4.24 DEFERRED TAX LIABILITIES

	2014 RM	2015 RM	2016 RM
At 1 July 2013/2014/2015	573,552	771,649	1,919,594
Recognised in income statement	198,097	1,147,945	4,528,874
Acquisition of oil palm plantation business	-	-	121,295,120
At 30 June 2014/2015/2016	771,649	1,919,594	127,743,588

**ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014
TO FYE 30 JUNE 2016 (CONT'D)**

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.24 DEFERRED TAX LIABILITIES (CONTD.)

The components and movements of deferred tax during the financial year are as follows:

Deferred Tax Liabilities:

	Accelerated Capital Allowances RM	Total RM
At 1 July 2013	1,690,278	1,690,278
Recognised in the income statement	308,381	308,381
At 30 June 2014	<u>1,998,659</u>	<u>1,998,659</u>
At 1 July 2014	1,998,659	1,998,659
Recognised in the income statement	210,326	210,326
At 30 June 2015	<u>2,208,985</u>	<u>2,208,985</u>
At 1 July 2015	2,208,985	2,208,985
Acquisition of oil palm plantation business	121,295,120	121,295,120
Recognised in the income statement	13,473,624	13,473,624
At 30 June 2016	<u>136,977,729</u>	<u>136,977,729</u>

Deferred Tax Assets:

	Unabsorbed Capital Allowances RM	Total RM
At 1 July 2013	(1,116,726)	(1,116,726)
Recognised in the income statement	(110,284)	(110,284)
At 30 June 2014	<u>(1,227,010)</u>	<u>(1,227,010)</u>
At 1 July 2014	(1,227,010)	(1,227,010)
Recognised in the income statement	937,619	937,619
At 30 June 2015	<u>(289,391)</u>	<u>(289,391)</u>
At 1 July 2015	(289,391)	(289,391)
Recognised in the income statement	(8,944,750)	(8,944,750)
At 30 June 2016	<u>(9,234,141)</u>	<u>(9,234,141)</u>

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.25 SHARE CAPITAL

	Number of ordinary shares of RM1 each		
	2014	2015	2016
Authorised	5,000,000	5,000,000	5,000,000

	Amount		
	2014 RM	2015 RM	2016 RM
Authorised	5,000,000	5,000,000	5,000,000

	Number of ordinary shares of RM1 each		
	2014	2015	2016
Issued and fully paid	2,000,000	2,000,000	2,000,000

	Amount		
	2014 RM	2015 RM	2016 RM
Issued and fully paid	2,000,000	2,000,000	2,000,000

4.26 RETAINED PROFITS

The Company may distribute dividends out of its retained profits as at 30 June 2016 under Section 108 of the Income Tax Act, 1967 as single tier tax exempt dividends.

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.27 SIGNIFICANT RELATED PARTY TRANSACTIONS

	2014 RM	2015 RM	2016 RM
Transactions with related companies:			
Hiring income	42,876	-	17,865
Hiring charges	207,389	-	-
Rental expense	60,000	60,000	60,000
Sales of goods and services	-	-	14,030
Purchase of goods and services	96,349,538	98,574,581	107,355,615
Acquisition of oil palm plantation business	-	-	588,573,458
Transactions with companies in which certain Directors have substantial interests or with common management			
Sales of crude palm oil and palm kernel	112,359,205	113,473,532	154,168,513
Purchase of goods and services	22,806	11,479	4,281
Rental expenses	-	19,832	-

4.28 CAPITAL COMMITMENTS

	2014 RM	2015 RM	2016 RM
Capital expenditure:			
Approved and contracted for:			
Property, plant and equipment	-	315,000	-

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)

4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)
4.29 SIGNIFICANT EVENTS
(a) Acquisition of oil palm plantation business

On 1 June 2016, the Company acquired from Shin Yang Forestry Sdn. Bhd which is another subsidiary of Shin Yang Holding Sendirian Berhad, its oil palm plantation business comprising biological assets, infrastructure, buildings and vehicles used in the plantation business for a total cash consideration of RM588,573,458.

The fair value of the assets, and the deferred tax liability resulting from the temporary difference between the fair value of the assets acquired and their tax base are as follows:

	RM
Biological assets	
Plantation Development Expenditure	492,094,891
Nursery	481,477
Infrastructure	51,510,714
Water piping and electricity facilities	2,034,969
Buildings	19,037,911
Vehicles and machinery	23,413,496
Total identifiable assets acquired	588,573,458
Deferred tax liability	(121,295,120)
Net identifiable assets acquired	<u>467,278,338</u>

The fair value of the assets are based on values in the valuation report by a firm of independent valuers.

	RM
<u>Goodwill arising from acquisition</u>	
Fair value of net identifiable assets	467,278,338
Goodwill on acquisition	121,295,120
Cost of business acquisition	<u>588,573,458</u>

ACCOUNTANTS' REPORT ON THE FINANCIAL ACCOUNTS OF SYOP FROM FYE 30 JUNE 2014 TO FYE 30 JUNE 2016 (CONT'D)**4.0 AUDITED HISTORICAL FINANCIAL INFORMATION OF SYOP (CONTD.)****4.29 SIGNIFICANT EVENTS (Contd.)****(a) Acquisition of oil palm plantation business (Contd.)**

Goodwill on acquisition is entirely attributable to the deferred tax liability resulting from the temporary differences between the fair value of the assets acquired and their tax base.

(b) Acquisition of land

On 13 June 2016, the Company has been offered, and the Company has accepted the alienation of parcels of long term leasehold land measuring approximately 47,000 hectares from the State Government for total premium of RM34,826,952 to be paid by 12 August 2016. The Company elected to settle by 5 yearly instalment payments for a total amount of RM40,613,331. The leasehold period is 60 years from 14 July 2016, the date of issuance of the provisional leases.

Ernst & Young
AF: 0039
Chartered Accountants

Miri, Malaysia

Yong Nyet Yun
2708/04/18 (J)
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON



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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SARAWAK OIL PALMS BERHAD

(Prepared for inclusion in the Abridged Prospectus of Sarawak Oil Palms Berhad dated 15 November 2016 ("Abridged Prospectus"))

1 November 2016

The Board of Directors
Sarawak Oil Palms Berhad
No 124 - 126 Jalan Bendahara
98000 Miri Sarawak

Dear Sirs

**SARAWAK OIL PALMS BERHAD ("SOPB" OR "THE COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

RENOUNCEABLE RIGHTS ISSUE OF UP TO 127,756,817 NEW ORDINARY SHARES OF RM1.00 EACH IN SOPB ("RIGHTS SHARE(S)"), ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING ORDINARY SHARES OF RM1.00 EACH IN SOPB ("SOPB SHARE(S)") HELD AS AT 5.00PM ON 15 NOVEMBER 2016 AT AN ISSUE PRICE OF RM2.80 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE ("RIGHTS ISSUE")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position as at 31 December 2015 of SOPB and its subsidiaries (collectively referred to as the "Group") and the related notes as set out in Appendix 1.

The pro forma consolidated statements of financial position, which we have stamped for purpose of identification, is compiled by the Directors of SOPB based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in Note 2 to the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position have been compiled by the Directors of SOPB to illustrate the impact of the Rights Issue and the acquisition of the entire equity interest in the issued and paid up share capital of Shin Yang Oil Palm (Sarawak) Sdn. Bhd. ("SYOP") from Shin Yang Holding Sdn. Bhd. ("SYHSB") ("Acquisition"), on SOPB's financial position as at 31 December 2015. As part of this process, information about the financial position has been extracted by the Directors of SOPB from the consolidated statement of financial position of SOPB, on which an audit report has been published.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Directors of SOPB are responsible for compiling the pro forma consolidated statements of financial position on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express an opinion as required by the Securities Commission Malaysia, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors of SOPB on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, *ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* Issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position.

The purpose of pro forma consolidated statements of financial position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**Our responsibilities (Contd.)**

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of SOPB in the compilation of pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted statement of financial position.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material aspects, on the basis of the applicable criteria as set out in Note 2 to the pro forma consolidated statements of financial position.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**Other matters**

This letter is issued for the purpose of complying with the Prospectus Guidelines in connection with the Rights Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Rights Issue described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Rights Shares.

Yours faithfully

A handwritten signature in black ink that reads 'Ernst & Young'.

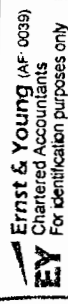
Ernst & Young
AF: 0039
Chartered Accountants

A handwritten signature in black ink that reads 'Yong Nyet Yun'.

Yong Nyet Yun
2708/04/18 (J)
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**SARAWAK OIL PALMS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**



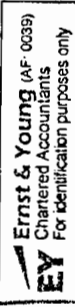
The pro forma consolidated statements of financial position of SOPB as at 31 December 2015 set out below have been prepared for illustrative purposes only and to show the effects of the Rights Issue and the Acquisition, had the transactions been implemented and completed on that date.

	Audited as at 31 December 2015 RM'000	Adjustments for subsequent events RM'000	After adjustments for subsequent events RM'000	Rights Issue RM'000	Pro Forma I Rights Issue RM'000	Acquisition RM'000	Pro Forma II After Proforma I and Acquisition RM'000
Assets							
Non-current assets							
Property, plant and equipment	1,170,276		1,170,276		1,170,276	437,152	1,607,428
Plantation development expenditure	556,008		556,008		556,008	491,349	1,047,357
Land held for property development	6,764		6,764		6,764	-	6,764
Land use rights	4,902		4,902		4,902	-	4,902
Investment in associates	10,081		10,081		10,081	-	10,081
Intangible asset	5,182		5,182		5,182	191,160	196,342
Deferred tax assets	64,307		64,307		64,307	-	64,307
	<u>1,817,520</u>		<u>1,817,520</u>		<u>1,817,520</u>	<u>1,119,661</u>	<u>2,937,181</u>
Current assets							
Inventories	289,011		289,011		289,011	3,078	292,089
Property development costs	49,412		49,412		49,412	-	49,412
Trade and other receivables	396,932		396,932		396,932	41,328	438,260
Other current assets	6,415		6,415		6,415	249	6,664
Derivatives	11,017		11,017		11,017	-	11,017
Tax recoverable	19,370		19,370		19,370	-	19,370
Cash and bank balances	440,736	(19,044)	421,692	352,546	774,238	(366,337)	407,901
	<u>1,212,893</u>		<u>1,193,849</u>		<u>1,546,395</u>	<u>(321,682)</u>	<u>1,224,713</u>
Total assets	<u>3,030,413</u>		<u>3,011,369</u>		<u>3,363,915</u>	<u>797,979</u>	<u>4,161,894</u>

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

SARAWAK OIL PALMS BERHAD

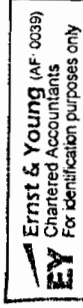
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (Contd.)**



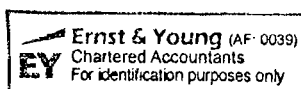
	Audited as at 31 December 2015 RM'000	Adjustments subsequent for events RM'000	After adjustments for subsequent events RM'000	Rights Issue RM'000	Pro Forma I After Rights Issue RM'000	Acquisition RM'000	Pro Forma II After Proforma I and Acquisition RM'000
Equity and liabilities							
Current liabilities							
Loans and borrowings	699,395		699,395		699,395	39,232	738,627
Trade and other payables	274,511		274,511		274,511	18,337	292,848
Land premium payable	-		-		-	6,965	6,965
Government grant	391		391		391	-	391
Income tax payable	2,385		2,385		2,385	-	2,385
Derivatives	14,370		14,370		14,370	-	14,370
	991,052		991,052		991,052	64,534	1,055,586
	221,841		202,797		555,343	(386,216)	169,127
Net current assets							
Non-current liabilities							
Loans and borrowings	402,454		402,454		402,454	515,093	917,547
Derivatives	90		90		90	-	90
Government grant	12,174		12,174		12,174	-	12,174
Land premium payable	-		-		-	20,779	20,779
Deferred tax liabilities	124,775		124,775		124,775	199,723	324,498
	539,493		539,493		539,493	735,595	1,275,088
	1,530,545		1,530,545		1,530,545	800,129	2,330,674
	1,499,868		1,480,824		1,833,370	(2,150)	1,831,220
Total liabilities							
Net assets							

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**SARAWAK OIL PALMS BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (Contd.)**



	Audited as at 31 December 2015 RM'000	Adjustments for subsequent events RM'000	After adjustments for subsequent events RM'000	Rights Issue RM'000	Pro Forma I After Rights Issue RM'000	Acquisition RM'000	Pro Forma II After Proforma I and Acquisition RM'000
Equity attributable to owners of the Company							
Share capital	441,307	2,064	443,371	126,677	570,048	-	570,048
Share premium	16,724	2,495	19,219	225,869	245,088	-	245,088
Employee share option reserve	6,191	(1,513)	4,678	4,678	4,678	-	4,678
Other reserves	1,613		1,613	1,613	1,613	-	1,613
Retained earnings	937,949	(22,090)	915,859	915,859	915,859	(2,150)	913,709
	1,403,784		1,384,740	1,737,286	1,737,286	(2,150)	1,735,136
	96,084		96,084	96,084	96,084	-	96,084
Non-controlling interests							
Total equity	1,499,868		1,480,824	1,833,370	1,833,370	(2,150)	1,831,220
Total equity and liabilities	3,030,413		3,011,369	3,363,915	3,363,915	797,979	4,161,894
No. of shares ('000)	441,307		443,371	570,048	570,048		570,048
NA per share (RM)	3.18		3.12	3.05	3.05		3.04

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. Rights Issue and Acquisition**

The pro forma consolidated statements of financial position as at 31 December 2015 of Sarawak Oil Palms Berhad ("SOPB" or the "Company") have been prepared by the Directors of SOPB, for illustrative purpose, in connection with the following transactions:

- (I) Rights Issue of up to 127,756,817 new ordinary shares of RM1.00 each in SOPB ("Rights Share(s)", on the basis of two (2) Rights Shares for every seven (7) existing ordinary shares of RM1.00 each in SOPB ("SOPB Share(s)") held on an entitlement date to be determined later ("Entitlement Date") ("Rights Issue"); and
- (II) Acquisition of the entire equity interest in the Issued and Paid-Up Share Capital of Shin Yang Oil Palm (Sarawak) Sdn Bhd ("SYOP") from Shin Yang Holding Sdn Bhd ("SYHSB") and the assumption of the inter-company balances owing by SYOP to Shin Yang Forestry Sdn. Bhd. ("SYF"), a subsidiary of SYHSB for a total cash consideration of RM873,005,875 ("Acquisition").

The Acquisition is preceded by:

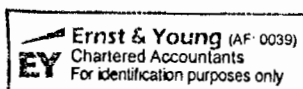
- (a) SYOP's acquisition of the oil palm plantation business of Shin Yang Forestry Sdn. Bhd. ("SYF"), comprising biological assets, infrastructure, buildings and vehicles used in the plantation business on 1 June 2016. SYF is also a subsidiary of SYHSB; and
- (b) The alienation to SYOP of approximately 47,000 hectares of land by the Sarawak State Government on 14 July 2016.

The pro forma consolidated statements of financial position of SOPB for which the directors of SOPB are solely responsible, have been prepared for illustrative purposes only, for the purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix 1

SARAWAK OIL PALMS BERHAD



NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2. Basis of Preparation of Pro Forma Consolidated Statements of Financial Position

The pro forma consolidated statements of financial position has been compiled using:

- (a) The audited consolidated statement of financial position of SOPB as at 31 December 2015 prepared in accordance with the Financial Reporting Standards ("FRS"), and
- (b) The audited statements of financial position of SYOP as at 30 June 2016 prepared in accordance with the Private Entity Reporting Standards ("PERS").

In the preparation of the pro forma statements of financial position, certain adjustments to the audited statement of financial position of SYOP have been made so that the financial information used are consistent with both the format of the financial statements and accounting policies of SOPB. There are no material financial impacts arising due to these adjustments.

The pro forma consolidated statements of financial position have been compiled for illustrative purpose only, to show the effects had the transactions been implemented on 31 December 2015.

The pro forma consolidated statements of financial position, because of its nature, may not be reflective of SOPB's actual financial position. Further, such financial information does not purport to predict the future financial position of SOPB.

In the preparation of the pro forma financial information, it was assumed that the following two subsequent events were completed on 31 December 2015:

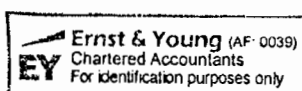
- 1) Exercise of 2,064,320 ESOS Options up to 24 October 2016 at an average exercise price of RM1.48 per share; and
- 2) Dividend paid on 22 July 2016 amounting to RM22,089,541 or RM0.05 per SOPB Share.

For illustrative purposes, the pro forma consolidated statements of financial position do not include the effects arising from the exercise of any of the remaining outstanding 3,777,830 exercisable options under the existing Employee Share Option Scheme ("ESOS") ("ESOS Options") as at 24 October 2016 subsequent to this date.

The pro forma consolidated statements of financial position are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000").

The Directors of SOPB are responsible for the preparation of the pro forma consolidated statements of financial position for inclusion in the Abridged Prospectus.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. Pro forma adjustments

3.1 Adjustments for subsequent events

The effects arising from the subsequent events as described in Note 2 on the pro forma consolidated statements of financial position are as follows:

Cash and bank balances

	RM'000
Audited as at 31 December 2015	440,736
Exercise of ESOS Options at an average exercise price of RM1.48 per ESOS Option	3,046
Dividend paid	(22,090)
After adjustments	<u>421,692</u>

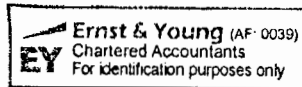
Share capital

	Number of shares '000	Amount RM'000
Ordinary shares of RM1.00 each		
Audited as at 31 December 2015	441,307	441,307
Exercise of ESOS Options	2,064	2,064
After adjustments	<u>443,371</u>	<u>443,371</u>

Share premium

	RM'000
Audited as at 31 December 2015	16,724
Exercise of ESOS Options at an average exercise price of RM1.48 per ESOS Option	982
Transfer from employee share option reserve	1,513
After adjustments	<u>19,219</u>

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. Pro forma adjustments (Contd.)

3.1 Adjustments for subsequent events (Contd.)

Employee share option reserve

Audited as at 31 December 2015	6,191
Exercise of ESOS Options	(1,513)
After adjustment	4,678

Retained earnings

Audited as at 31 December 2015	937,949
Dividend paid	(22,090)
After adjustment	915,859

3.2 Pro Forma I

Pro Forma I incorporates the effects arising from the subsequent events as described in Note 2 and Note 3.1 and the Rights Issue at an issue price for the Rights Share of RM2.80 per Rights Share, together with the estimated expenses of RM2.15 million incurred in relation to the Rights Issue.

The effects arising from the above Rights Issue are as follows:

Cash and bank balances

	RM'000
After adjustments for subsequent events	421,692
Issuance of Rights Shares at RM2.80 per Right Share on the basis of 2 Rights Shares for every 7 existing SOPB Shares	354,696
Estimated expenses in relation to the Rights Issue	(2,150)
As per Pro Forma I	774,238

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. Pro forma adjustments (Contd.)

3.2 Pro Forma I (Contd.)

Share capital

	Number of shares '000	Amount RM'000
Ordinary shares of RM1.00 each		
After adjustments of subsequent events Issuance of Rights Shares at RM2.80 per Right Share on the basis of 2 Rights Shares for every 7 existing SOPB Shares	443,371	443,371
	126,677	126,677
As per Pro Forma I	570,048	570,048

Share premium

	RM'000
After adjustments for subsequent events Issuance of Rights Shares at RM2.80 per Right Share on the basis of 2 Rights Shares for every 7 existing SOPB Shares	19,219
Estimated expenses relating to the Rights Issue	228,019 (2,150)
As per Pro Forma I	245,088

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****3. Pro forma adjustments (Contd.)****3.3 Pro Forma II**

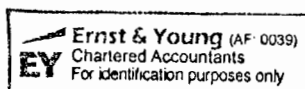
Pro Forma II incorporates the effects of Pro Forma I and the Acquisition of 100% interest in SYOP, preceded by the acquisition by SYOP of the oil palm plantation business from SYF, and the alienation to SYOP of approximately 47,000 hectares land by the State Government. The above Acquisition involves:

- (1) a total cash consideration of RM873,005,875;
- (2) transaction expenses estimated at RM2.15 million; and
- (3) an increase in borrowings of RM500 million to part finance the Acquisition.

Upon completion of the Acquisition, the identifiable assets and liabilities of SYOP will be accounted for in the Consolidated Statements of Financial Position of SOPB at their respective fair values under the acquisition method in accordance with FRS 3: Business Combinations.

For the purpose of the Pro Forma Consolidated Statements of Financial Position of SOPB as at 31 December 2015, the property, plant and equipment of SYOP, the acquired biological assets and the vehicles from SYF and the alienated land are stated at their respective fair values as at 31 March 2016 based on values in the valuation report by a firm of independent valuers. The other identifiable assets and liabilities are stated at their fair value estimated by the Directors. Details are in Note 3.4.1.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. Pro forma adjustments (Contd.)

3.4 Acquisition of SYOP, plantation business of SYF and the alienated land

3.4.1 Fair value of identifiable assets and liabilities of SYOP

The fair value of the identifiable assets and liabilities of SYOP as at 30 June 2016 included in the pro forma consolidated statements of financial position are as shown below:

	Audited As at 30 June 2016 RM'000
Non-current assets	
Property, plant and equipment	437,152
Plantation development expenditure	491,349
	----- 928,501 -----
Current assets	
Inventories	3,078
Trade and other receivables	41,328
Other current assets	249
Cash and bank balances	8,819
	----- 53,474 -----
Total assets	----- 981,975 -----
Current liabilities	
Loans and borrowings	39,232
Trade and other payables	18,337
Land premium payable	6,965
	----- 64,534 -----

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

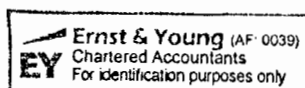
3. Pro forma adjustments (Contd.)

3.4 Acquisition of SYOP, plantation business of SYF and the alienated land (Contd.)

3.4.1 Fair value of identifiable assets and liabilities of SYOP (Contd.)

Non-current liabilities	
Loans and borrowings	15,093
Other payables	20,779
Deferred tax liabilities	199,723
	<u>235,595</u>
Total liabilities	<u>300,129</u>
Net identifiable assets	681,846
Goodwill	191,160
	<u>873,006</u>
Cost of business acquisition	<u>873,006</u>

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix 1

**SARAWAK OIL PALMS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. Pro forma adjustments (Contd.)

3.4 Acquisition of SYOP, plantation business of SYF and the alienated land (Contd.)

3.4.2 Bank and cash balance

* Adjustments of cash and bank balances consist of:

RM'000

As per Pro Forma I	774,238
Cash and bank balances in SYOP	8,819
Cash consideration in relation to the acquisition of SYOP	(873,006)
Expenses in relation to the Acquisition	(2,150)
Bank borrowings to facilitate the Acquisition	500,000
	<u>407,901</u>

3.4.3 The purchase consideration of RM873,005,875 will be settled via:

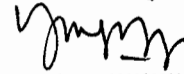
RM'000

Proceeds from the Rights Issue	350,397
Bank borrowings	500,000
Internally generated funds	22,609
Total Cash Consideration	<u>873,006</u>

3.4.4 The expenses incurred in connection with the Acquisition at RM2,150,000 are expensed in accordance with FRS 3 Business Combinations.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

CERTIFIED TRUE COPY OF THE ORIGINAL



Ernst & Young (AF: 0039)
EY Chartered Accountants

YONG NYET YUN
PARTNER

SARAWAK OIL PALMS BERHAD
(7949-M)
(Incorporated in Malaysia)

**Directors' Report and
Audited Financial Statements**

31 December 2015

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M



AUDITED FINANCIAL STATEMENTS

DIRECTORS

Tan Sri Datuk Ling Chiong Ho
Ling Chiong Sing
Gerald Rentap Jabu
Tang Tiong Ing
Fong Yoo Kaw @ Fong Yee Kow
Dr. Lai Yew Hock
Hasbi Bin Suhaili
Ling Lu Kuang
Kamri Bin Ramlee
Chua Chen San

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

No. 124-126, Jalan Bendahara
98000 Miri, Sarawak

AUDITORS

Ernst & Young

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M



DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, cultivation of oil palms and operations of palm oil mills. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	91,903	99,530
Profit attributable to:		
Owners of the Company	88,452	99,530
Non-controlling interests	3,451	-
	<u>91,903</u>	<u>99,530</u>

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

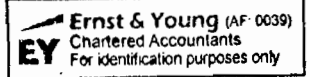
DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2014 were as follows:

	RM'000
In respect of the financial year ended 31 December 2014 as reported in the Directors' report of that year:	
First and final single-tier dividend on 439,946,909 ordinary shares, paid on 23 July 2015	<u>21,997</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M



DIRECTORS' REPORT

DIVIDENDS (Continued)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2015, of 5% on 441,306,709 ordinary shares, amounting to a dividend payable of RM22,065,335 (5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Datuk Ling Chiong Ho	
Ling Chiong Sing	
Gerald Rentap Jabu	
Tang Tiong Ing	
Fong Yoo Kaw @ Fong Yee Kow	
Dr. Lai Yew Hock	
Wong Ngie Yong	(Resigned on 29.2.2016)
Hasbi Bin Suhaili	
Ling Lu Kuang	
Kamri Bin Ramlee	
Chua Chen San	(Appointed on 1.3.2016)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 37 to the financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M



DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year (including where applicable the interests of their spouses or children who themselves are not Directors of the Company) in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2015	Acquired	Sold	At 31.12.2015
The Company				
Direct interest				
Tan Sri Datuk Ling Chiong Ho	31,069,808	-	-	31,069,808
Tang Tiong Ing	174,880	-	-	174,880
Dr. Lai Yew Hock	39,400	-	-	39,400
Wong Ngie Yong	20,000	-	-	20,000
Gerald Rentap Jabu	1,000	-	-	1,000
Deemed interest				
Tan Sri Datuk Ling Chiong Ho	126,294,214	-	-	126,294,214
Ling Chiong Sing	126,294,214	-	-	126,294,214

Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM439,498,359 to RM441,306,709 by way of the issuance of 1,808,350 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at an average exercise price of RM1.44 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M



DIRECTORS' REPORT

EMPLOYEE SHARE OPTIONS SCHEME

The Sarawak Oil Palms Berhad Employee Share Options Scheme (“ESOS”) is governed by the by-laws which was approved by the shareholders at an Extraordinary General Meeting held on 15 February 2007 and was implemented on 12 March 2007. It is to be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the Employee Share Option Plans are disclosed in Note 38 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options to subscribe for less than 79,700 ordinary shares of RM1.00 each.

During the financial year:

The Company granted 637,300 share options under the scheme. These options expire on 12 March 2017 and are exercisable if the employee remains in service.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option plans as at 31 December 2015 are as follows:

Expiry date	Weighted average exercise price RM	Number of options
12 March 2017	3.43	5,374,100

OTHER STATUTORY INFORMATION

- a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M****DIRECTORS' REPORT****OTHER STATUTORY INFORMATION (Continued)**

- b) At the date of this report, the Directors are not aware of any circumstances which would render:
- i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) At the date of this report, there does not exist:
- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f) In the opinion of the Directors:
- i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of a significant event are disclosed in Note 46 to the financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M



DIRECTORS' REPORT

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2016.

A handwritten signature in black ink, appearing to be 'Fong Yoo Kaw'.

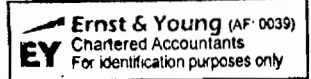
Fong Yoo Kaw @ Fong Yee Kow

A handwritten signature in black ink, appearing to be 'Tang Tiong Ing'.

Tang Tiong Ing

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

SARAWAK OIL PALMS BERHAD (Incorporated in Malaysia) – 7949-M



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, **Fong Yoo Kaw @ Fong Yee Kow** and **Tang Tiong Ing**, being two of the Directors of **Sarawak Oil Palms Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 11 to 118 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 48 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2016.

Fong Yoo Kaw @ Fong Yee Kow

Tang Tiong Ing

STATUTORY DECLARATION

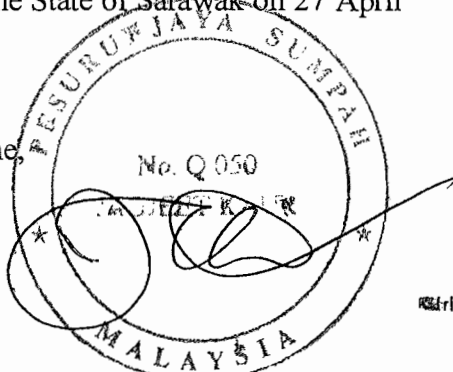
PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, **Wong Siong Wung**, being the Officer primarily responsible for the financial management of **Sarawak Oil Palms Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named **Wong Siong Wung** at Miri in the State of Sarawak on 27 April 2016.

Wong Siong Wung

Before me,



Lot 1155-1154, 1st Floor,
Miri Waterfront Commercial Centre
Jalan Bundahara,
00000 Miri, Sarawak.