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TAMBUN INDAH LAND BERHAD

(Company No. 810446-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT SCHEME THAT PROVIDES THE SHAREHOLDERS OF TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH") THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW ORDINARY SHARES OF RM0.50 EACH IN TAMBUN INDAH

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



KENANGA INVESTMENT BANK BERHAD

Company No. 15678-H

A Participating Organisation of Bursa Malaysia Securities Berhad

The Notice of the Extraordinary General Meeting ("EGM") of the Company to be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 19 June 2013 at 11.00 a.m., or immediately after the conclusion or adjournment (as the case may be) of the Fifth Annual General Meeting of the Company to be held at the same venue and on the same day at 10.00 a.m., whichever is the later or at any adjournment thereof, together with the Proxy Form, are enclosed herein.

The Proxy Form must be lodged at the Registered Office of the Company at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not later than forty-eight (48) hours before the time fixed for the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Monday, 17 June 2013 at 11.00 a.m.
Date and time of the EGM	:	Wednesday, 19 June 2013 at 11.00 a.m.

This Circular is dated 28 May 2013

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following terms and expressions shall apply throughout this Circular:-

Act	— The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
AGM	— Annual General Meeting
Balance Electable Portion	— The remaining portion of the Electable Portion not reinvested, where applicable
Board	— The Board of Directors of Tambun Indah
Books Closure Date	— Books closure date in relation to a Dividend to which the Proposed DRS applies
Bursa Securities	— Bursa Malaysia Securities Berhad (635998-W)
CMSA	— Capital Market and Services Act 2007, as amended from time to time
Code	— Malaysian Code on Take-Overs and Mergers 2010, as amended from time to time
Director	— Director of Tambun Indah as at the LPD
Dividend(s)	— Cash dividend(s) declared by the Company, whether interim, final, special or any other cash dividend
Dividend Payment Account	— The non-interest bearing account opened by Tambun Indah to facilitate the payment of Dividends
EGM	— Extraordinary General Meeting
Electable Portion	— The whole or a portion of a Dividend that may be declared by Tambun Indah to which the Board, at its absolute discretion, determines that the Reinvestment Option applies
EPS	— Earnings per Share
ESOS	— Tambun Indah Land Berhad's Employees' Share Option Scheme
Expiry Date	— The last day (which will be a date to be fixed and announced by the Board) by which an election made by a Shareholder in relation to the Electable Portion must be received by the Company
FYE	— Financial year(s) ended/ ending

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DEFINITIONS (Cont'd)

Issue Price	<ul style="list-style-type: none">— The issue price of the New Shares, to be determined by the Board on a price fixing date to be announced later, and which shall be the higher of:-<ul style="list-style-type: none">(i) an issue price which is not more than ten percent (10%) discount to the five (5)-Market Day VWAP of Tambun Indah Shares transacted on Bursa Securities immediately prior to the price fixing date to be determined; or(ii) the par value of Tambun Indah Shares at the material time.
KIBB	— Kenanga Investment Bank Berhad
LPD	— 30 April 2013, being the latest practicable date prior to the printing of this Circular
Listing Requirements	— The Main Market Listing Requirements of Bursa Securities including all amendments thereto and any Practice Notes issued in relation thereto
Major Shareholder	<ul style="list-style-type: none">— A person who has an interest or interests in one (1) or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-<ul style="list-style-type: none">(i) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or(ii) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company <p>For purposes of this definition, “Interest in shares” shall have the meaning given in Section 6A of the Act</p>
Market Day(s)	— Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
NA	— Net assets
New Share(s)	— New Tambun Indah Share(s) to be issued pursuant to the Proposed DRS
Non-Selectable Portion	— The remaining portion of the Dividend (where the Selectable Portion is not for the entire amount of the Dividend declared) which will be paid in cash
Notice	— The Notice convening the EGM as enclosed in this Circular
Notice of Election	— The notice of election (in such form as the Board may approve) in relation to the Reinvestment Option by which Shareholders confirm their exercise of the Reinvestment Option

DEFINITIONS (Cont'd)

Outstanding ESOS Options	—	The 4,403,000 existing outstanding ESOS options of Tambun Indah which have been granted and not exercised as at the LPD
Person(s) Connected	—	Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
Proposed DRS	—	The proposed dividend reinvestment scheme that provides Shareholders with the Reinvestment Option in accordance with the terms set out in Appendix I of this Circular
Reinvestment Option	—	The option given to Shareholders pursuant to the Proposed DRS, to reinvest the Electable Portion of the Dividend in New Shares, as the Board may, at its absolute discretion, make available
RM and sen	—	Ringgit Malaysia and sen respectively
SC	—	Securities Commission of Malaysia
Share(s) or Tambun Indah Share(s)	—	Ordinary share(s) of RM0.50 each in Tambun Indah
Shareholders	—	Shareholders of Tambun Indah
Tambun Indah or the Company	—	Tambun Indah Land Berhad
Tambun Indah Group or the Group	—	Tambun Indah and its subsidiaries, collectively
VWAP	—	Volume weighted average market price
Warrants	—	Warrants issued by Tambun Indah with a right to subscribe for one (1) new Share for every one (1) warrant held at the exercise price of RM0.60 per Share, subject to adjustment pursuant to the terms of the deed poll constituting the Warrants dated 27 April 2012. As at the LPD, there are 44,199,850 Warrants outstanding

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. Reference to persons shall include corporations, unless otherwise specified.

For the purpose of this Circular, references to time relates to Malaysian time, unless otherwise stated.

TABLE OF CONTENTS

Page**LETTER FROM THE BOARD TO THE SHAREHOLDERS OF TAMBUN INDAH CONTAINING:-**

1.	INTRODUCTION.....	1
2.	DETAILS OF THE PROPOSED DRS	2
2.1	<i>Overview.....</i>	2
2.2	<i>Election to Reinvest Dividends into New Shares</i>	2
2.3	<i>Pricing of the New Shares</i>	3
2.4	<i>Eligibility</i>	3
2.5	<i>Odd Lots.....</i>	4
2.6	<i>Termination</i>	4
2.7	<i>Maximum Number of New Shares</i>	4
2.8	<i>Ranking of the New Shares</i>	4
2.9	<i>Taxation.....</i>	5
2.10	<i>Utilisation of Proceeds</i>	5
2.11	<i>General</i>	5
2.12	<i>Illustration.....</i>	6
3.	IMPLICATIONS OF THE CODE	7
4.	RATIONALE FOR THE PROPOSED DRS.....	7
5.	EFFECTS OF THE PROPOSED DRS	8
5.1	<i>Share Capital.....</i>	8
5.2	<i>Substantial Shareholders' Shareholdings</i>	9
5.3	<i>NA and Gearing.....</i>	11
5.4	<i>EPS</i>	12
5.5	<i>Convertible Securities</i>	13
6.	SHARE PRICES.....	13
7.	APPROVALS REQUIRED	13
8.	MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES.....	14
9.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM.....	14
10.	DIRECTORS' RECOMMENDATION	14
11.	CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION	14
12.	ESTIMATED TIMEFRAME FOR THE IMPLEMENTATION OF THE PROPOSED DRS	15
13.	EGM.....	16
14.	FURTHER INFORMATION	16

TABLE OF CONTENTS (Cont'd)

Page**APPENDICES****APPENDIX I – DIVIDEND REINVESTMENT SCHEME STATEMENT 17****APPENDIX II – FURTHER INFORMATION 29****NOTICE OF EGM Enclosed****PROXY FORM Enclosed**

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TAMBUN INDAH LAND BERHAD

(Company No. 810446-U)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

51-21-A
Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

28 May 2013

Board of Directors

Lai Fook Hoy (*Chairman, Independent Non-Executive Director*)
Teh Kiak Seng (*Managing Director*)
Teh Theng Theng (*Executive Director*)
Thaw Yeng Cheong (*Executive Director*)
Tsai Yung Chuan (*Non-Independent Non-Executive Director*)
Yeoh Chong Keat (*Independent Non-Executive Director*)
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (*Independent Non-Executive Director*)
Tsai Chia Ling (*Alternate Director to Tsai Yung Chuan*)

To: The Shareholders of Tambun Indah Land Berhad

Dear Sir/ Madam

PROPOSED DRS

1. INTRODUCTION

On 25 April 2013, on behalf of the Board, KIBB had announced to Bursa Securities that the Company proposed to undertake a dividend reinvestment scheme that will allow Shareholders to have the option to elect to reinvest their Dividend entitlements in New Shares.

This scheme would allow the Board, at its absolute discretion, to offer either the Proposed DRS or full cash for Dividends as and when it deems appropriate vis-à-vis Tambun Indah's capital strategy and plans.

The Proposed DRS is not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by Tambun Indah.

The purpose of this Circular is to provide Shareholders with the relevant information on the Proposed DRS, to set out your Board's recommendation thereon and to seek your approval for the resolution pertaining to the Proposed DRS to be tabled at the forthcoming EGM. The Notice and the Proxy Form are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES ATTACHED BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED DRS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DRS

2.1 Overview

The Proposed DRS will provide Shareholders with an opportunity to reinvest their Dividends in New Shares in lieu of receiving cash.

In relation to Dividends declared, the Board may, at its absolute discretion, determine whether to offer Shareholders the Reinvestment Option to reinvest all or part of such Dividends in New Shares and where applicable, the size of the Electable Portion. You should note that the Company is not obliged to make available the Proposed DRS for every Dividend declared.

In this respect, the Electable Portion may apply to the whole or part of the Dividend declared. In the event the Electable Portion is applicable for part of the Dividend declared, the remaining portion of the Dividend will be paid wholly in cash.

Unless the Board has determined that the Reinvestment Option will apply to a particular Dividend declared (whether in whole or in part), all Dividends as may be declared by Tambun Indah will be paid wholly in cash to its Shareholders in the usual manner through the Dividend Payment Account.

2.2 Election to Reinvest Dividends into New Shares

Shareholders have the following options in respect of the Reinvestment Option announced by the Board under the Proposed DRS:-

(i) Option 1

Elect to participate and thereby reinvest the whole or part of the Electable Portion at the Issue Price for New Shares and, in the event that only part of the Electable Portion is so reinvested, to receive in cash:-

- (a) the Balance Electable Portion; and
- (b) the Non-Electable Portion; or

(ii) Option 2

Elect not to participate in the Reinvestment Option and thereby receive the entire Dividend entitlement wholly in cash.

The Issue Price shall be announced on the same day or before the announcement is made of the Books Closure Date. An approval for the listing of and quotation for the New Shares on the Main Market of Bursa Securities will be sought from Bursa Securities and the announcement of the Books Closure Date will be made after receiving the said approval from Bursa Securities.

Subsequent to the Books Closure Date, a Notice of Election will be despatched to Shareholders. The Notice of Election will specify, amongst others, the Expiry Date. Instructions will be provided in the Notice of Election in respect of the action to be taken by Shareholders should they wish to exercise the Reinvestment Option.

After the Expiry Date, the Company shall transfer funds amounting to the total net Dividends (i.e. after the deduction of any applicable income tax) from its account to the Dividend Payment Account held in trust for the Shareholders.

An announcement will also be made in respect of the day on which the New Shares will be listed and quoted on the Main Market of Bursa Securities.

In accordance with Paragraph 6.09 of the Listing Requirements, Tambun Indah will within eight (8) Market Days from the Expiry Date or such date as may be prescribed by Bursa Securities, allot and issue the New Shares and despatch notices of allotment to Shareholders who exercise the Reinvestment Option.

Further, in accordance with Paragraphs 9.19(2)(a)(ii) and 8.26(2) of the Listing Requirements, a dividend must be paid within one (1) month from the Books Closure Date and in any event, within three (3) months from the date of the declaration of the dividend or the date on which the approval is obtained in a general meeting of the Company, whichever is applicable. For avoidance of doubt, Dividends for the Shareholders who do not exercise their Reinvestment Option will also be paid concurrently with the above. Dividend warrants, which will be made for the full amount of each Shareholder's respective entitlement to the Dividends, will be despatched to the Shareholders in the usual manner. Other than funds to be transferred from the Dividend Payment Account in respect of Dividends which are reinvested, there will be no new funds to be raised under the Proposed DRS.

The New Shares to be issued pursuant to the Proposed DRS will not be underwritten.

Shareholders will receive the Electable Portion in cash if they do not expressly elect in writing to exercise the Reinvestment Option by the Expiry Date. As such, Shareholders need not take any action with regards to the Notice of Election if they wish to receive their Dividends wholly in cash.

2.3 Pricing of the New Shares

Tambun Indah will issue New Shares to Shareholders who elect to exercise the Reinvestment Option under the Proposed DRS. The Issue Price which will be determined by the Board on a price fixing date to be announced later, shall be the higher of the following:-

- (i) at an issue price not more than ten percent (10%) discount to the five (5)-Market Day VWAP of Tambun Indah Shares immediately prior to the price fixing date to be determined; or
- (ii) the par value of Tambun Indah Shares at the material time.

The New Shares will be issued free of any brokerage fees or other related transaction costs to the Shareholders unless otherwise provided by any statute, law or regulation.

2.4 Eligibility

All Shareholders are eligible to participate in the Proposed DRS provided that:-

- (i) such participation will not result in a breach of any restrictions on such Shareholder's holding of Tambun Indah Shares which may be imposed by any contractual obligation of the Shareholder, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, as the case may be (unless the requisite approvals under the relevant law, statute or regulation are first obtained); and
- (ii) there are no restrictions as prescribed in the Memorandum and Articles of Association of the Company to participating in the Proposed DRS.

To avoid any violation on the part of the Company of any securities laws applicable outside Malaysia, the Notice of Election will not be sent to Shareholders who do not have an address in Malaysia.

Shareholders who currently do not have a registered address in Malaysia and who wish to participate in the Proposed DRS are advised to provide the share registrar of Tambun Indah, Equiniti Services Sdn Bhd, Level 8, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia with a registered address in Malaysia no later than three (3) Market Days before the relevant Books Closure Date in respect of any particular Dividend to which the Reinvestment Option is made available by the Board.

2.5 Odd Lots

Under the Proposed DRS, Shareholders who exercise the Reinvestment Option and receive New Shares shall be allotted such New Shares in multiples of and not less than one hundred (100) New Shares. The amount of the Dividends relating to the entitlement of New Shares of less than one hundred (100) Shares will be added to the Non-Selectable Portion and paid in cash to the Shareholders in the usual manner through the Dividend Payment Account. For the avoidance of doubt, the Shareholders will not be receiving odd lots of New Shares arising from their election to exercise the Reinvestment Option.

2.6 Termination

Subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be, the Proposed DRS may be modified, suspended (in whole or in part) or terminated at any time by the Board as it deems fit or expedient by giving notice in writing to all Shareholders in such manner as the Board deems fit, notwithstanding any other provision or the terms and conditions of the Proposed DRS stating the contrary and irrespective of whether an election to exercise the Reinvestment Option has been made by a Shareholder.

2.7 Maximum Number of New Shares

The maximum number of New Shares to be issued under the Proposed DRS will depend on amongst others:-

- (i) the quantum of the Dividend;
- (ii) the Board's decision on the proportion/size of the Selectable Portion;
- (iii) the number of Shareholders who elect to exercise the Reinvestment Option; and
- (iv) the Issue Price.

Under the Proposed DRS, Shareholders who elected to exercise the Reinvestment Option shall not be allotted fractional Shares. As such, the amount of the Dividends relating to such fractional entitlement of New Shares will be added to the Non-Selectable Portion and paid in cash to the Shareholders in the usual manner through the Dividend Payment Account.

2.8 Ranking of the New Shares

The New Shares to be issued pursuant to the Proposed DRS will rank *pari passu* in all respects with the existing Tambun Indah Shares, save and except that the holders of New Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid prior to the allotment date of the New Shares.

As the New Shares to be issued pursuant to the Proposed DRS are prescribed securities, the New Shares will be credited directly into the respective Central Depository System accounts of the Shareholders who have elected to reinvest the Electable Portion. No physical share certificates will be issued.

2.9 Taxation

Irrespective of whether an election is made by a Shareholder, a tax voucher will be despatched to all Shareholders. For income tax purposes, Shareholders shall be taken as having received a cash distribution equivalent to the amount of the Dividends declared, notwithstanding that the Shareholder may elect to exercise the Reinvestment Option, if applicable. Hence, the election for the Reinvestment Option does not relieve the Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

2.10 Utilisation of Proceeds

The total cash proceeds to be reinvested back into the Company arising from the Proposed DRS can only be ascertained upon final recommendation of Dividend by the Board and final level of acceptances of the Reinvestment Option by the Shareholders. Therefore, the time frame for utilisation of such cash proceeds cannot be determined at this juncture. Nonetheless, the net cash proceeds from the Proposed DRS (after the deduction of estimated expenses of RM250,000 in respect of the Proposed DRS) will be utilised towards general working capital purposes of the Tambun Indah Group which include, amongst others, to fund the property development expenditure and continuing growth of the Tambun Indah Group.

2.11 General

The grant of the right to participate in the Proposed DRS will be made to all Shareholders, including Directors, substantial Shareholders and other interested persons (including persons connected with a Director or substantial Shareholder) of the Company who hold Tambun Indah Shares, subject to restrictions referred to in Section 2.4 of this Circular and the terms and conditions of the Proposed DRS as set out in Appendix I of this Circular.

Shareholders' approval for the Proposed DRS will be sought at the forthcoming EGM. The first Shareholders' approval for the issuance of such number of New Shares as may be required pursuant to the exercise of the Reinvestment Option by Shareholders will be sought at the said EGM. Subsequent approvals for future issuances of New Shares pursuant to the Proposed DRS will be sought at the Company's AGM on an annual basis where applicable.

For avoidance of doubt, the specific approval to be obtained from the Shareholders for the issuance of New Shares arising from the Proposed DRS is in addition to the general mandate (i.e. the Shareholders' approval under Section 132D of the Act for general purpose, where the Shares to be issued shall not exceed ten percent (10%) of the nominal value of the total issued and paid-up share capital of the Company) sought at the Company's AGM on an annual basis.

The percentage shareholding of a Shareholder in the Company will be diluted should he/she choose not to exercise the Reinvestment Option. However, the extent of the dilution will depend on the number of New Shares to be issued by the Company pursuant to the level of the Reinvestment Option to be exercised by the other Shareholders as a whole.

Amendments to the Memorandum and Articles of Association of Tambun Indah are not required under the Proposed DRS as the Memorandum and Articles of Association of Tambun Indah allows the implementation of any dividend reinvestment scheme.

2.12 Illustration

Using the proposed final dividend for the financial year ended 31 December 2012 (being the most recent dividend proposed by Tambun Indah) of 3.30 sen per share as reference, an illustration of the Proposed DRS under the following parameters is as set out below:-

- (i) The Board determines that the Electable Portion applies to the entire dividend;
- (ii) 100% of the Shareholders elect to exercise the Reinvestment Option;
- (iii) The five (5)-Market Day VWAP of Tambun Indah shares as at the LPD, being RM0.95 and the illustrative issue price being based on the maximum allowable discount of ten percent (10%) to the abovementioned five (5)-Market Day VWAP, which translates to an illustrative issue price of RM0.86 per Tambun Indah Share; and
- (iv) The following scenarios:-
 - (a) Minimum Scenario : Assuming none of the Outstanding ESOS Options and Warrants are exercised between LPD to the implementation of the Proposed DRS
 - (b) Maximum Scenario : Assuming full exercise of the Outstanding ESOS Options and Warrants into new Tambun Indah Shares prior to the implementation of the Proposed DRS

Strictly for illustration purposes, based on the above parameters, the number of New Shares that Tambun Indah could potentially issue pursuant to the Reinvestment Option for a dividend of 3.30 sen (assuming single tier) under the Proposed DRS would be as follows:-

	Minimum Scenario	Maximum Scenario
Paid-up share capital as at the LPD	311,997,150	360,600,000 (A)
Dividend rate (RM per share)	0.033	0.033 (B)
Dividend payout (RM)	10,295,906	11,899,800 (C) = (A) x (B)
Illustrative Issue Price (RM)	0.86	0.86 (D)
Number of New Shares issued ⁽¹⁾⁽²⁾	11,971,900	13,836,900 (E) = (C) / (D)
Balance to be paid in cash (RM)	72	66 (F) = (C) - [(D) x (E)]

Notes:-

- (1) Rounded down to the nearest board lot.
- (2) In this illustration, the total number of New Shares to be issued translates to approximately 3.70% of the enlarged issued and paid-up share capital of Tambun Indah under the Minimum Scenario and Maximum Scenario. As the Proposed DRS is a future event which is dependent on a number of variable factors, the actual number of New Shares to be issued thereunder can only be conclusively determined upon its actual implementation.

3. IMPLICATIONS OF THE CODE

Under Section 9(1) of Part III of the Code and Section 217 of the CMSA, a Shareholder should note that he may be under an obligation to extend a take-over offer for the remaining Shares in the Company not already owned by him and persons acting in concert with him (collectively, the “Affected Parties”), if:-

- (i) by participating in the Proposed DRS in relation to the reinvestment of the Electable Portion, the Affected Parties have obtained control via the acquisition or holding of, or entitlement to exercise or control the exercise of voting shares or rights of thirty-three percent (33%) or more, or such other amount as may be prescribed in the Code, in the Company, howsoever effected; or
- (ii) the Affected Parties acquire (including by participating in the Proposed DRS in relation to any Electable Portion), more than two percent (2%) of the voting shares or voting rights of the Company in any six (6) months period, and the Affected Parties hold more than thirty-three percent (33%) but not more than fifty percent (50%) of the voting shares or voting rights of the Company during the said six (6) months period.

Therefore, in the event an obligation to undertake a mandatory offer is expected to arise resulting from a Shareholder’s participation in the Proposed DRS, the relevant parties may make an application to the SC to obtain an approval for a waiver from the obligation to undertake a mandatory offer pursuant to the Code prior to exercising their Reinvestment Option.

4. RATIONALE FOR THE PROPOSED DRS

The Proposed DRS is a capital management tool that would strengthen Tambun Indah’s capital position. The reinvestment of the cash entitlement dividends by Shareholders for New Shares is expected to enlarge Tambun Indah’s share capital base, strengthen Tambun Indah’s capital position as well as improve the liquidity of Tambun Indah Shares on the Main Market of Bursa Securities.

Under the Proposed DRS, any cash so retained within Tambun Indah, which would otherwise be made payable by way of Dividends, will be preserved to fund the working capital and continuing growth of the Tambun Indah Group.

The Proposed DRS will provide Shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in Tambun Indah through subscription of New Shares without having to incur any brokerage fees and other related transaction costs (unless otherwise provided by any statute, law or regulation). In addition, Shareholders are also expected to benefit from their participation in the Proposed DRS as the New Shares may be issued at a discount to the then prevailing market price.

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5. EFFECTS OF THE PROPOSED DRS

The effects of the Proposed DRS are dependent on several factors which include, amongst others:-

- (i) the quantum of the Dividend;
- (ii) the Board's decision on the proportion/size of the Electable Portion;
- (iii) the number of Shareholders who elect to exercise the Reinvestment Option; and
- (iv) the Issue Price.

5.1 Share Capital

Under the Proposed DRS, the issued and paid-up share capital of Tambun Indah will increase due to the issuance of New Shares pursuant to any exercise of the Reinvestment Option by Shareholders whenever the Proposed DRS is made available by the Board.

For illustration purposes, the effects of the Proposed DRS on the issued and paid-up share capital (based on the assumptions set out in Section 2.12 of this Circular) are as follows:-

	Minimum Scenario			Maximum Scenario		
	No. of Shares	Share Capital (RM)	%	No. of Shares	Share Capital (RM)	%
Issued and paid-up share capital as at the LPD	311,997,150	155,998,575	96.30	311,997,150	155,998,575	83.32
To be issued assuming full exercise of the Outstanding ESOS Options	-	-	-	4,403,000	2,201,500	1.18
	311,997,150	155,998,575	96.30	316,400,150	158,200,075	84.50
To be issued assuming full exercise of the Warrants	-	-	-	44,199,850	22,099,925	11.80
	311,997,150	155,998,575	96.30	360,600,000	180,300,000	96.30
New Shares to be issued pursuant to the Proposed DRS	11,971,900	5,985,950	3.70	13,836,900	6,918,450	3.70
Enlarged issued and paid-up share capital	323,969,050	161,984,525	100.00	374,436,900	187,218,450	100.00

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5.2

Substantial Shareholders' Shareholdings

The substantial Shareholders' percentage shareholdings in Tambun Indah will not be affected should all Shareholders elect to fully exercise their respective Electable Portion. However, the percentage of shareholding of the substantial Shareholders who elect to reinvest their Electable Portion will increase in the event some or all of the other Shareholders do not elect to reinvest their Electable Portion or elect to reinvest only part of their Electable Portion.

For illustration purposes, the effects of the Proposed DRS on the substantial Shareholders and their shareholdings in Tambun Indah (based on the assumptions set out in Section 2.12 of this Circular) are as follows:-

Minimum Scenario

Substantial Shareholders	As at the LPD			After the Proposed DRS		
	Direct	Indirect		Direct	Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Amal Pintas Sdn Bhd	33,339,643	10.69	-	-	34,618,943	10.69
Siram Permai Sdn Bhd	124,950,001	40.05	-	-	129,744,501	40.05
Ir. Teh Kiak Seng	20,428,520	6.55	(a) 124,950,001	40.05	21,212,320	6.55
Tsai Chang Hsiu-Hsiang	-	-	(b) 33,339,643	10.69	-	-
Tsai Chia Ling	-	-	(b) 33,339,643	10.69	-	-
Tsai Yung Chuan	-	-	(b) 33,339,643	10.69	-	-
					(a) 129,744,501	40.05
					(b) 34,618,943	10.69
					(b) 34,618,943	10.69
					(b) 34,618,943	10.69

Notes:-

- (a) Deemed interested by virtue of his shareholdings in Siram Permai Sdn Bhd pursuant to Section 6A of the Act.
(b) Deemed interested by virtue of his/ her shareholdings in Amal Pintas Sdn Bhd pursuant to Section 6A of the Act.

Maximum Scenario

Substantial Shareholders	As at the LPD				(I)				(II)				(III)			
	Direct		Indirect		After Full Exercise of the Outstanding ESOS Options		Indirect		After (I) and Full Exercise of Warrants		Indirect		After (II) and the Proposed DRS		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Amal Pintas Sdn Bhd	33,339,643	10.69	-	-	33,339,643	10.54	-	-	38,102,449	10.57	-	-	39,564,449	10.57	-	-
Siram Permai Sdn Bhd	124,950,001	40.05	-	-	124,950,001	39.49	-	-	142,800,001	39.60	-	-	148,279,501	39.60	-	-
Ir. Teh Kiat Seng	20,428,520	6.55	^(a) 124,950,001	40.05	^(c) 21,928,520	6.93	^(a) 124,950,001	39.49	25,199,794	6.99	^(a) 142,800,001	39.60	26,166,694	6.99	^(a) 148,279,501	39.60
Tsai Chang Hsiu-Hsiang	-	-	^(b) 33,339,643	10.69	-	-	^(b) 33,339,643	10.54	-	-	^(b) 38,102,449	10.57	-	-	^(b) 39,564,449	10.57
Tsai Chia Ling	-	-	^(b) 33,339,643	10.69	-	-	^(b) 33,339,643	10.54	-	-	^(b) 38,102,449	10.57	-	-	^(b) 39,564,449	10.57
Tsai Yung Chuan	-	-	^(b) 33,339,643	10.69	^(c) 500,000	0.16	^(b) 33,339,643	10.54	500,000	0.14	^(b) 38,102,449	10.57	519,100	0.14	^(b) 39,564,449	10.57

Notes:-

- (a) Deemed interested by virtue of his shareholdings in Siram Permai Sdn Bhd pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of his/her shareholdings in Amal Pintas Sdn Bhd pursuant to Section 6A of the Act.
- (c) Assuming full exercise of the Outstanding ESOS Options held by the substantial Shareholders as at the LPD.

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5.3 NA and Gearing

The effects on NA of Tambun Indah will depend on the extent to which the Shareholders elect to reinvest the Electable Portion in new Tambun Indah Shares. Barring unforeseen circumstances, as compared to the entire Dividends being paid in cash, the NA of Tambun Indah will increase as a result of the implementation of the Proposed DRS.

Assuming that the Electable Portion applies to the entire Dividend declared and that all Shareholders elect to reinvest their respective Electable Portion, the Tambun Indah Group's gearing ratio would be maintained at its pre-dividend payout position as a result of the Proposed DRS. However, if none of the Shareholders elect to reinvest their Electable Portion, the Tambun Indah Group's gearing ratio would be higher than its pre-dividend payout position as the Group's shareholders equity would be reduced to the extent of the Dividends.

For illustration purposes, the effects of the Proposed DRS on the NA and gearing of the Tambun Indah Group, based on the audited consolidated financial statements of Tambun Indah as at 31 December 2012 as well as the assumptions set out in Section 2.12 of this Circular, are as follows:-

	Audited as at 31.12.2012	(I)	Minimum Scenario	Maximum Scenario		
		After Exercise of ESOS Options and Warrants from 01.01.2013 to the LPD	(IIa) After (I) and Proposed DRS	(IIb) After (I) and Full Exercise of the Outstanding ESOS Options	(IIIb) After (IIb) and Full Exercise of Warrants	(IVb) After (IIIb) and Proposed DRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group level						
Share capital	155,422	^(a) 155,999	161,985	^(e) 158,200	^(g) 180,300	187,218
Share premium	6,525	^{(a)(b)} 6,568	10,878	^{(e)(f)} 6,616	^{(g)(h)} 11,920	16,901
Share options reserve	49	^(b) 39	39	^(f) -	-	-
Warrants reserve	884	^(b) 884	884	884	^(h) -	-
Capital reserve	200	200	200	200	200	200
Retained profits	60,135	60,135	^{(c)(d)} 49,589	60,135	60,135	^{(c)(d)} 47,985
Shareholders' funds/ NA	223,215	223,825	223,575	226,035	252,555	252,304
No. of Shares	310,843	311,997	323,969	316,400	360,600	374,437
NA per Share (RM)	0.72	0.72	0.69	0.71	0.70	0.67
Borrowings (RM)	83,825	83,825	83,825	83,825	83,825	83,825
Gearing (times)	0.38	0.37	0.37	0.37	0.33	0.33

Notes:-

- (a) (i) Adjusted for 1,154,000 Shares which were issued from the exercise of ESOS options from 1 January 2013 to the LPD as follows:-

<u>No. of Shares</u>	<u>Exercise Price</u> <u>(RM)</u>	<u>Share Premium</u> <u>(RM)</u>
<u>Options granted and exercised:</u>		
918,000	0.50	-
20,000	0.54	800
216,000	0.65	32,400
1,154,000		33,200

- (ii) Adjusted for 150 Shares which were issued from the exercise of 150 Warrants at an exercise price of RM0.60 per Share from 1 January 2013 to the LPD.
- (b) (i) Adjusted for the transfer of the share options reserve to the share premium account of RM10,275 pursuant to the exercise of 1,154,000 ESOS options.
- (ii) Adjusted for the transfer of the warrants reserve to the share premium account of RM3 pursuant to the exercise of 150 Warrants.

- (c) After netting estimated expenses of RM250,000 pursuant to the Proposed DRS.
- (d) Adjusted for the dividend payout amounting to RM10,295,906 and RM11,899,800 under the Minimum Scenario and Maximum Scenario respectively.
- (e) Assuming all the Outstanding ESOS Options granted are exercised prior to the Books Closure Date as follows:-

<u>No. of Shares</u>	<u>Exercise Price</u> (RM)	<u>Share Premium</u> (RM)
<u>Options granted and unexercised:</u>		
4,341,000	0.50	-
62,000	0.65	9,300
4,403,000		9,300

- (f) Adjusted for the transfer of the share options reserve to the share premium account of RM39,205 pursuant to the full exercise of the remaining and outstanding 4,403,000 ESOS options.
- (g) Assuming all the Warrants are exercised into new Tambun Indah Shares prior to the Books Closure Date as follows:-

<u>No. of Warrants</u>	<u>Exercise Price</u> (RM)	<u>Share Premium</u> (RM)
44,199,850	0.60	4,419,985

- (h) Adjusted for the transfer of the warrant reserves to the share premium account of RM883,997 upon full exercise of the 44,199,850 Warrants.

5.4 EPS

The Tambun Indah Group's consolidated EPS will be diluted depending on the extent the Shareholders elect to reinvest their respective Electable Portion in New Shares. However, such reinvested amount will be retained to fund the general working capital or other requirements of the Group and is expected to contribute positively to the Group's future earnings.

For illustration purposes, the effects of the Proposed DRS on the Group's EPS, based on the audited consolidated financial statements of Tambun Indah as at 31 December 2012 as well as the assumptions set out in Section 2.12 of this Circular, are as follows:-

	Financial Year Ended 31 December 2012	After the Proposed DRS	
		Minimum Scenario	Maximum Scenario
	RM'000	RM'000	RM'000
Profit attributable to equity holders of Tambun Indah	40,813	40,813	40,813
Weighted average no. of Shares ('000)	273,368	286,494	336,962
EPS (sen)			
- Basic ^(a)	14.93	14.25	12.11
- Diluted ^(b)	14.81	14.14	12.11

Notes:-

- (a) Computed based on the weighted average number of Shares in issue.
- (b) Computed based on the weighted average number of Shares adjusted for the effect of potential dilutive Shares that would have been issued.

5.5 Convertible Securities

Save for the Outstanding ESOS Options and Warrants, the Company does not have any other convertible securities as at the LPD.

Pursuant to the terms of the bylaws constituting the ESOS options and the terms of the deed poll constituting the Warrants dated 27 April 2012, the Proposed DRS will not give rise to any adjustment to the exercise price and number of the ESOS options and Warrants.

6. SHARE PRICES

The following table sets out the monthly highest and lowest market prices of Tambun Indah's Shares traded on Bursa Securities for the past twelve (12) months ended April 2013:-

	<u>Highest (RM)</u>	<u>Lowest (RM)</u>
Year 2012:-		
May	0.52	0.47
June	0.53	0.46
July	0.57	0.53
August	0.63	0.56
September	0.61	0.58
October	0.70	0.59
November	0.73	0.68
December	0.75	0.73
Year 2013:-		
January	0.85	0.74
February	0.81	0.71
March	0.91	0.79
April	0.98	0.90

(Source : Bloomberg)

The last transacted market price of Tambun Indah Shares on 24 April 2013 (being the last transacted price prior to the announcement of the Proposed DRS) was RM0.945 per Share.

The last transacted market price of Tambun Indah Shares on 30 April 2013 (being the LPD prior to the printing of this Circular) was RM0.94 per Share.

7. APPROVALS REQUIRED

The Proposed DRS is subject to the following approvals being obtained:-

- (i) Bursa Securities for the listing of and quotation for the New Shares to be issued pursuant to the Proposed DRS, on the Main Market of Bursa Securities;
- (ii) Shareholders for the Proposed DRS and the issuance of the New Shares arising from the Proposed DRS, at the forthcoming EGM to be convened; and
- (iii) Any other relevant authorities, if required.

The Proposed DRS is not conditional or inter-conditional upon any other corporate exercise being or proposed to be undertaken by the Company.

For information purposes, the approval for future issuance of the New Shares pursuant to the Proposed DRS will be sought from Shareholders at the Company's AGM on an annual basis.

8. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save as disclosed in Section 4(i) of Appendix II of this Circular, there are no other material commitments which may become enforceable, which in the opinion of the Board, would have a material impact on the profit and NA of the Group.

As at the LPD, save as disclosed in Section 4(ii) of Appendix II of this Circular, there are no contingent liabilities which may become enforceable, which in the opinion of the Board, would have a material impact on the profit and NA of the Group.

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

None of the Directors, Major Shareholders and/or Persons Connected to them has any interest, direct or indirect, in the Proposed DRS beyond their respective entitlements to Dividends as Shareholders, to which all other Shareholders are similarly entitled to.

10. DIRECTORS' RECOMMENDATION

After having considered all aspects of the Proposed DRS (including but not limited to the rationale and effects of the Proposed DRS), the Board is of the opinion that the Proposed DRS is in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed DRS to be tabled at the forthcoming EGM to be convened.

11. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed DRS and as disclosed below, the Board confirms that there are no other outstanding corporate proposals which have been announced but not completed by the Company as at the LPD:-

- (i) On 4 May 2011, the Company announced that Palmington Sdn Bhd, its 60%-owned subsidiary, had on 4 May 2011 entered into a master agreement and five (5) separate sales and purchase agreements with Pembangunan Bandar Mutiara Sdn Bhd for the acquisition of an undeveloped land bank, namely Parcels R1, R2, R3, C and Amenities Lands (more particularly defined therein), located in a new township development known as Bandar Tasek Mutiara in the locality of Simpang Ampat, Mukim 15, Province Wellesley South, Penang measuring a total of approximately 526.7531 acres for a cash consideration of RM233,223,021 ("**Land Acquisition**").

Palmington Sdn Bhd had completed the acquisition of Parcels R1, Amenities Land and R3 on 7 December 2011, 10 August 2012 and 15 January 2013 respectively, while the acquisition of Parcels R2 and C have yet to be completed.

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12. ESTIMATED TIMEFRAME FOR THE IMPLEMENTATION OF THE PROPOSED DRS

Subject to the receipt of the relevant approvals stated in Section 7 of this Circular and barring any unforeseen circumstances, the Proposed DRS is expected to be put in place by the second quarter of 2013.

An illustrative timeline for the implementation of the Proposed DRS in respect of any Dividend declared where the Reinvestment Option is made available by the Board is as set out below:-

Events	Illustrative Timeline ^(d)
Declaration of final Dividend to which the Proposed DRS applies ^{(a)(b)}	T – 40 calendar days
Issuance of annual report ^(a)	T – 37 calendar days
AGM ^(a) or Declaration of interim Dividend to which the Proposed DRS applies ^(b)	T – 16 calendar days
Submission of additional listing application ("ALA") to Bursa Securities for its approval. Assuming Bursa Securities takes up to approximately fourteen (14) calendar days to approve the ALA	T – 14 calendar days
Announcement of Issue Price and Books Closure Date ^(c)	T
Books Closure Date ^(c)	T + 14 calendar days
Despatch Notice of Election to Shareholders	T + 16 calendar days
Expiry Date	T + 30 calendar days
Issuance and allotment of the New Shares as well as payment of cash dividend to Shareholders	T + 39 calendar days
Listing of New Shares	T + 40 calendar days

Notes:-

- (a) Relates to the declaration of final Dividend where Shareholders' approval for the final Dividend and fresh Shareholders' approval for the issuance of the New Shares is required.
- (b) As Shareholders' approval in respect of the interim Dividend is not required, the indicative timeline for the Board to declare such interim Dividend (to which the Proposed DRS applies) may fall on T - 16 calendar days.
- (c) Common processes which apply to declaration of both interim and final Dividend to which the Proposed DRS applies.
- (d) The above illustrative timeline sets out the indicative timing of the aforementioned events and is subject to change.

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13. EGM

An EGM, the Notice of which is enclosed with this Circular, will be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250, Penang on Wednesday, 19 June 2013 at 11.00 a.m., or immediately after the conclusion or adjournment (as the case may be) of the Fifth AGM of the Company to be held at the same venue and on the same day at 10.00 a.m., whichever is the later or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed DRS.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible, so as to arrive at the Registered Office of the Company not later than forty-eight (48) hours before the time fixed for the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board of Directors
TAMBUN INDAH LAND BERHAD

IR. TEH KIAK SENG
Managing Director