

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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PRESTARIANG BERHAD
(Registration No. 201001038336 (922260-K))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- I. **PROPOSED PRIVATE PLACEMENT OF 79,579,740 NEW ORDINARY SHARES IN PRESTARIANG BERHAD ("PRESTARIANG" OR THE "COMPANY") ("PRESTARIANG SHARE(S)" OR "SHARE(S)") ("PLACEMENT SHARE(S)") AT AN ISSUE PRICE OF RM0.350 PER PLACEMENT SHARE TOGETHER WITH 79,579,740 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 PLACEMENT SHARE ISSUED ("PROPOSED PRIVATE PLACEMENT WITH WARRANTS");**
- II. **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 176,843,866 NEW PRESTARIANG SHARES ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM 0.200 PER RIGHTS SHARE, ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 3 EXISTING PRESTARIANG SHARES HELD, TOGETHER WITH UP TO 176,843,866 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS"); AND**
- III. **PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN, WHICH COMPRISES THE PROPOSED EMPLOYEE SHARE OPTION SCHEME AND THE PROPOSED SHARE GRANT PLAN, OF UP TO 15% OF THE ISSUED SHARE CAPITAL OF PRESTARIANG (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE LONG TERM INCENTIVE PLAN, FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF PRESTARIANG AND ITS SUBSIDIARY COMPANIES, WHICH ARE NOT DORMANT, WHO FULFIL THE ELIGIBILITY CRITERIA AS SET OUT IN THE BY-LAWS OF THE LONG TERM INCENTIVE PLAN ("PROPOSED LTIP")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD
(Registration No. 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of Prestariang which is scheduled to be held on a fully virtual basis at the broadcast venue, Meeting Room, Securities Services (Holdings) Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 15 September 2020 at 3:00 p.m., or at any adjournment thereof, together with the Form of Proxy are enclosed herewith.

A member of Prestariang entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf. In such event, the completed and signed Form of Proxy in accordance with the instructions contained therein must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-20949940 and/or 03-20950292 or emailed to info@sshbs.com.my, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof. The proxy form may also be lodged electronically via Securities Services e-Portal at <https://www.sshbs.net.my/>. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy
Date and time of the EGM

: Sunday, 13 September 2020 at 3:00 p.m.
: Tuesday, 15 September 2020 at 3:00 p.m.

This Circular is dated 28 August 2020

DEFINITIONS

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

Act	: The Companies Act 2016, as amended from time to time and all regulations made thereunder and any re-enactment thereof
Affin Hwang Multi-Asset Fund	: CIMB Islamic Trustee Berhad – Affin Hwang Multi-Asset Fund
Announcement LPD	: 20 July 2020, being the latest practicable date prior to our Company's announcement dated 23 July 2020 in relation to the Proposals, which is also the last full trading day preceding the date of execution of the HOA
Areca Dynamic Growth Fund	: Maybank Trustees Berhad Areca Dynamic Growth Fund
Board	: Our Board of Directors
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Business Day	: Any day other than a Saturday, Sunday or any other day which is a public holiday, and on which banks are open for normal banking business in the Federal Territory of Kuala Lumpur, Malaysia
By-Law(s)	: The rules, terms and conditions of the Proposed LTIP as may be modified, varied and/ or amended from time to time, the draft of which is set out in Appendix II of this Circular
Circular	: This circular dated 28 August 2020 in relation to the Proposals
Covid-19	: Coronavirus disease
Deed Poll	: The deed poll constituting the Warrants to be executed by our Company, as may be supplemented from time to time, in which details of the salient terms of the Warrants are set out in Section 3.7 of this Circular
Director(s)	: Director(s) for the time being of Prestariang and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets And Services Act 2007
Dr. Abu	: Dr. Abu Hasan Bin Ismail, the Non-Independent Executive Director, President/ Group Chief Executive Officer of our Company
EGM	: Extraordinary general meeting
Eligible Person(s)	: The eligible Directors and employees of Prestariang Group (excluding subsidiary companies which are dormant), who meet the criteria of eligibility for participation in the Proposed LTIP as set out in the By-Laws
Entitled Shareholders	: Our shareholders whose names appear in the Record of Depositors of our Company as at the close of business on the Entitlement Date

DEFINITIONS (CONT'D)

Entitlement Date	:	A date to be determined and announced later by our Board, on which the names of our shareholders must appear in the Record of Depositors of our Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Rights Issue with Warrants
EPS/ (LPS)	:	Earnings per share/ (Loss) per share
Escrow Account	:	The interest-bearing deposit account in the name of the Escrow Agent to be opened in accordance with the Escrow Agreement
Escrow Agent	:	The designated escrow agent as instructed by our Company
Escrow Agreement	:	The escrow agreement to be entered into between our Company, Dr. Abu and the Escrow Agent relating to the establishment and the operation of the Escrow Account
ESOS	:	Employees' share option scheme
ESOS Award(s)	:	The grant of an award of such number of ESOS Options in writing to Eligible Persons by the LTIP Committee to subscribe for Prestariang Shares at the Option Price, subject to the terms and conditions of the By-Laws
ESOS Option(s)	:	The right of an ESOS Participant to subscribe for Prestariang Shares at the Option Price pursuant to the ESOS Award duly accepted by the Eligible Person in the manner provided in the By-Laws
ESOS Participant(s)	:	An Eligible Person(s) who has accepted the ESOS Award(s) in the manner provided in the By-Laws
FPE	:	Financial period ended/ ending
FYE	:	Financial year ended/ ending
HOA	:	The Heads of Agreement dated 21 July 2020, entered into between our Company and Dr. Abu, for the subscription by Dr. Abu of 79,579,740 new Prestariang Shares at an agreed subscription price of RM0.350 per Share
ICT	:	Information and Communications Technology
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	3 August 2020, being the latest practicable date prior to the printing and despatch of this Circular
LTIP Award(s)	:	The SGP Award(s) and/ or ESOS Award(s), collectively
LTIP Award Date	:	The date of which the LTIP Award is made by the LTIP Committee from time to time to an Eligible Person to participate in the Proposed LTIP in accordance with Section 4.3(iii) of this Circular in the manner provided in the By-Laws
LTIP Committee	:	A committee to be appointed and authorised by the Board with the responsibility of, among others, implementing, allocating and administering the Proposed LTIP, comprising such persons appointed by our Board from time to time

DEFINITIONS (CONT'D)

LTIP Interested Directors	:	All our Directors who are entitled to participate in the Proposed LTIP and therefore deemed interested in the Proposed LTIP to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed LTIP. For the avoidance of doubt, save for their respective allocations and to persons connected to them, the LTIP Interested Directors can participate in the deliberations, discussions and vote on the allocations of the other Directors. For information purposes, Dr. Abu has voluntarily relinquished his eligibility to the Proposed LTIP. Accordingly, Dr. Abu is not part of the LTIP Interested Directors
LTIP Participants	:	The SGP Participants and ESOS Participants, collectively
Market Day(s)	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
Maximum Scenario	:	Assuming the Proposed Rights Issue with Warrants is fully subscribed by all the Entitled Shareholders and/ or their renounee(s)
MCO	:	Movement Control Order implemented by the Government of Malaysia due to the outbreak of the Covid-19 pandemic pursuant to the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1987
MFRS	:	Malaysian Financial Reporting Standards
Minimum Scenario	:	Assuming the Proposed Rights Issue with Warrants is undertaken on a Minimum Subscription Level basis
Minimum Subscription Level	:	Minimum level of subscription of 50,732,133 Rights Shares by the Undertaking Shareholders based on the minimum level of funds that our Company wishes to raise from the Proposed Rights Issue with Warrants amounting to RM10,146,427 based on the issue price of RM0.200 per Rights Share.
MLA	:	Master Licensing Agreement
NA	:	Net assets
Option Price	:	The price at which an ESOS Participant shall be entitled to subscribe for Prestariang Shares from our Company upon the exercise of the ESOS Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of the By-Laws
PAT/ (LAT)	:	Profit/ (Loss) after taxation
PBT/ (LBT)	:	Profit/ (Loss) before taxation
Placement Share(s)	:	79,579,740 new Prestariang Shares pursuant to the Proposed Private Placement with Warrants at an issue price of RM0.350 per Placement Share
Prestariang Company or our Company	:	Prestariang Berhad (Registration No. 201001038336 (922260-K))
Prestariang Group or our Group	:	Prestariang Berhad and its subsidiaries, collectively

DEFINITIONS (CONT'D)

Prestariang Share(s) or Share(s)	:	Ordinary share(s) in Prestariang
Proposals	:	The Proposed Private Placement with Warrants, the Proposed Rights Issue with Warrants and the Proposed LTIP, collectively
Proposed ESOS	:	Proposed Employee Share Option Scheme
Proposed LTIP	:	Proposed establishment of a long term incentive plan which comprises the Proposed ESOS and the Proposed SGP of up to 15% of the total number of issued shares of our Company (excluding treasury shares, if any) for eligible Directors and employees of our Group (excluding subsidiaries which are dormant) during the tenure of the Proposed LTIP
Proposed Private Placement with Warrants	:	Proposed private placement of 79,579,740 Placement Shares to Dr. Abu pursuant to the Subscription Agreement dated 23 July 2020, at an issue price of RM0.350 per Placement Share together with 79,579,740 Warrants on the basis of 1 Warrant for every 1 Placement Share issued
Proposed Rights Issue with Warrants	:	Proposed renounceable rights issue of up to 176,843,866 Rights Shares at an issue price of RM 0.200 per Rights Share, on the basis of 1 Rights Share for every 3 existing Shares held, together with up to 176,843,866 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on the Entitlement Date
Proposed SGP	:	Proposed Share Grant Plan
Record of Depositors	:	A record consisting of names of depositors established and maintained by Bursa Depository under the rules of Bursa Depository
Rights Share(s)	:	Up to 176,843,866 new Prestariang Shares to be issued at an issue price of RM0.200 per Rights Share, on the basis of 1 Rights Share for every 3 existing Shares held, pursuant to the Proposed Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RSLs	:	Redeemable Secured Loan Stocks issued by Prestariang System Sdn Bhd, a wholly owned subsidiary of our Company in May 2019 at a subscription price of RM1.000 each
SC	:	Securities Commission Malaysia
SGP Award(s)	:	An award of Prestariang Shares in writing to Executive Directors and/ or senior management of our Group by the LTIP Committee at nil consideration, subject to the terms and conditions of the By-Laws
SGP Participant(s)	:	An Eligible Person(s) who has accepted the SGP Award(s) in the manner provided in the By-Laws
SKIN	:	Sistem Kawalan Imigresen Nasional
Subscription Agreement	:	The Subscription Agreement dated 23 July 2020, entered into between our Company and Dr. Abu for the Proposed Private Placement with Warrants
TERP	:	Theoretical ex-rights price

DEFINITIONS (CONT'D)

Undertakings	:	The irrevocable and unconditional undertakings of the Undertaking Shareholders, vide their letters dated 11 August 2020, to collectively subscribe for 50,732,133 Rights Shares at an issue price of RM0.200 each pursuant to the Proposed Rights Issue with Warrants, in order to achieve the Minimum Subscription Level
Undertaking Shareholders	:	Areca Dynamic Growth Fund and Affin Hwang Multi-Asset Fund, collectively have provided their respective irrevocable undertakings for the purpose of meeting the Minimum Subscription Level
UNIMY	:	University Malaysia of Computer Science and Engineering
UOBKH or the Adviser	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
VWAMP	:	Volume weighted average market price
Warrant(s)	:	Up to 256,423,606 free detachable warrants to be issued at an exercise price of RM0.385 per Warrant (i.e. 79,579,740 Warrants to be issued on the basis of 1 Warrant for every 1 Placement Share pursuant to the Proposed Private Placement with Warrants and up to 176,843,866 Warrants to be issued on the basis of 1 Warrant for every 1 Rights Share pursuant to the Proposed Rights Issue with Warrants)

All references to "we", "us", "our" and "ourselves" are made to Prestariang, or where the context requires, shall include our subsidiaries.

All references to "you" in this Circular are made to shareholders who are entitled to attend and vote at the forthcoming EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	viii
LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:-	
1. INTRODUCTION	1
2. PROPOSED PRIVATE PLACEMENT WITH WARRANTS	2
3. PROPOSED RIGHTS ISSUE WITH WARRANTS	8
4. PROPOSED LTIP	15
5. UTILISATION OF PROCEEDS	21
6. FUND RAISING EXERCISES IN THE PAST 12 MONTHS	24
7. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS	25
8. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP	29
9. EFFECTS OF THE PROPOSALS	34
10. HISTORICAL SHARE PRICES	42
11. APPROVALS REQUIRED/ OBTAINED	42
12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM	44
13. ESTIMATED TIMEFRAME FOR COMPLETION	45
14. PROPOSALS ANNOUNCED BUT PENDING COMPLETION	45
15. DIRECTORS' STATEMENT AND RECOMMENDATION	46
16. EGM	46
17. FURTHER INFORMATION	47

TABLE OF CONTENTS (CONT'D)

	PAGE
APPENDICES	
I. ADDITIONAL INFORMATION	48
II. DRAFT BY-LAWS	53
III. FURTHER INFORMATION	96
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. Our shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposals	<p>On 23 July 2020, UOBKH had, on behalf of our Board, announced that we proposed to undertake the following:-</p> <ol style="list-style-type: none">i. a private placement of 79,579,740 Placement Shares at an issue price of RM0.350 per Placement Share together with 79,579,740 Warrants on the basis of 1 Warrant for every 1 Placement Share issued;ii. a renounceable rights issue of up to 176,843,866 new Prestariang Shares at an issue price of RM 0.200 per Rights Share, on the basis of 1 Rights Share for every 3 existing Prestariang Shares held, together with up to 176,843,866 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on the Entitlement Date; andiii. the establishment of a long term incentive plan, which comprises the Proposed ESOS and the Proposed SGP, of up to 15% of the issued share capital of our Company (excluding treasury shares, if any) at any point in time during the tenure of the Proposed LTIP, for the Eligible Persons. <p>On 19 August 2020, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 19 August 2020, resolved to approve the following, subject to the conditions as disclosed in Section 11 of this Circular:-</p> <ol style="list-style-type: none">i. Admission to the official list and the initial listing and quotation of up to 256,423,606 Warrants to be issued pursuant to the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants;ii. Listing of:-<ol style="list-style-type: none">a. Up to 79,579,740 Placement Shares to be issued pursuant to the Proposed Private Placement with Warrants;b. Up to 176,843,866 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;c. Up to 256,423,606 new Prestariang Shares to be issued pursuant to the exercise of the Warrants; andd. such number of additional new Prestariang Shares representing up to 15% of the total number of issued shares (excluding treasury shares, if any) of Prestariang to be issued under the Proposed LTIP.	Section 1
Basis of determining and justification for the issue price/exercise price	<p><u>Issue Price for Placement Shares</u></p> <p>As highlighted in the HOA, the Placement Shares are agreed to be placed out at an issue price of RM0.350 per Placement Share.</p> <p>The issue price of RM0.350 per Placement Share was arrived at between Prestariang and Dr. Abu on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:-</p>	Sections 2.3, 2.4, 3.2 and 3.3

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p>i. the historical market prices of Prestariang Shares from January 2020 to June 2020, up to and including the Announcement LPD, where the highest and lowest market prices of Prestariang Shares as traded on Bursa Securities during the aforesaid period are RM0.590 and RM0.100, respectively; and</p> <p>ii. the resultant TERP of Prestariang Shares of RM0.385 computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD of RM0.446 (which is also highlighted in Section 3.2 of this Circular), whereby the issue price of RM0.350 per Placement Share represents a discount of approximately 9.09% to the TERP of RM0.385.</p>	

Our Board has also taken into account further justifications in determining the discount represented by the issue price as follows:-

- i. the historical financial performance of Prestariang for the past 3 financial years/ period up to the FPE 30 June 2019 and the 9-month FPE 31 March 2020, where Prestariang has been in a loss making position since the restated FYE 31 December 2017, further details are in section 2.3 of this circular.
- ii. amidst the current business uncertainties which our company is facing following the concerns raised by the auditors in the Independent Auditors' Report in our Group's Audited Financial Statements for the FPE 30 June 2019 in relation to the going concern status of our Group and the continued losses since then coupled with the uncertainties arising from the recent Covid-19 pandemic and its impact on the global economy, our Board (save for Dr. Abu) is of the view RM0.350 was a reasonable issue price to entice Dr. Abu to subscribe for the Placement Shares; and
- iii. by fixing the issue price upfront and executing the Subscription Agreement, Dr. Abu will anchor the proposed fund raising as he will inject approximately RM27.85 million, which represents approximately 73.30% (Minimum Scenario) and 44.06% (Maximum Scenario) of the indicative gross proceeds to be raised from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants.

Issue Price for Rights Shares

The issue price of RM0.200 per Rights Share was determined by our Board after taking into consideration, amongst others, the following:-

- i. The minimum gross proceeds of RM10,146,427 to be raised from the Proposed Rights Issue with Warrants;
- ii. The TERP of RM0.385 computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD of RM0.446, whereby the issue price RM0.200 per Rights Share represents a discount of approximately 48.05% to the TERP of RM0.385.
- iii. The historical financial performance of Prestariang for the past 3 financial years/ period up to the FPE 30 June 2019 and the 9-month FPE 31 March 2020, where Prestariang has been in a loss making position since the restated FYE 31 December 2017, further details as illustrated in Section 2.3 of this Circular.

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p>Accordingly, the issue price of RM0.200 per Rights Share which represents a discount of 48.05% to the TERP computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD was considered reasonable by our Board in terms of the discounted value and discount percentage of the issue price as it could possibly entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their respective entitlements, and shall accordingly allow Prestariang to raise a maximum gross proceeds of RM35.37 million under the Maximum Scenario that will be channeled towards the proposed utilisation as set out in Section 5 of this Circular.</p> <p><u>Exercise Price for Warrants</u></p> <p>The Warrants (to be issued under to the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) will be issued at no cost to the Entitled Shareholders who subscribe for the Rights Shares and Dr. Abu who subscribes for the Placement Shares.</p> <p>The exercise price of RM0.385 per Warrants (to be issued under the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) was determined by our Board after taking into consideration, amongst others, the following:-</p> <ol style="list-style-type: none">i. the Warrants (to be issued under the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) will be issued at no cost to the Entitled Shareholders who subscribe for the Rights Shares and Dr. Abu who subscribes for the Placement Shares; andii. the TERP of the Shares of RM0.385 computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD of RM0.446.	
Rationale for the Proposals	<p><u>Proposed Private Placement with Warrants</u></p> <p>The Proposed Private Placement with Warrants, through the execution of the Subscription Agreement with Dr. Abu, enables our Company to secure additional funds for the purpose of strengthening our Group's capital structure and meet its working capital requirement with equity funding. This will build a more robust capital structure and prepare our Company for the challenging times amidst the global economic slowdown triggered by Covid-19 pandemic.</p> <p>It also serves as an additional remedial effort undertaken by our Company to address our Group's working capital needs and going concern issues raised by the auditors in the Independent Auditors' Report in our Group's Audited Financial Statements for the FPE 30 June 2019. Such fund raising will form part of larger strategy articulated at the 9th Annual General Meeting of our Company held on 27 November 2019 and the subsequent announcements made by our Company.</p> <p>Further details are highlighted in Section 7.1 of this Circular.</p> <p><u>Proposed Rights Issue with Warrants</u></p> <p>The Proposed Rights Issue with Warrants is undertaken to raise proceeds to be utilised in the manner as set out in Section 5 of this Circular. After due consideration of the various options available as well as the capital structure of our Company, our Board is of the opinion that the Proposed Rights Issue with Warrants is the most appropriate means of raising funds for the following reasons:-</p>	Section 7

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p>i. The Proposed Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Shares; and</p> <p>ii. The Proposed Rights Issue with Warrants will strengthen our Group's financial position with enhanced shareholders' funds and reduced gearing level as compared to bank borrowings which are expected to facilitate the continuous long-term growth and expansion plans of our Group.</p> <p>Further details are highlighted in Section 7.2 of this Circular.</p> <p><u>Proposed LTIP</u></p> <p>The implementation of the Proposed LTIP primarily serves to align the interests of the Eligible Persons to the corporate goals of our Group. The Proposed LTIP will provide the Eligible Persons with an opportunity to have equity participation in our Company and help achieve the objectives as set out below:-</p> <p>i. To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of our Group;</p> <p>ii. To reward the Eligible Persons by allowing them to participate in our Group's profitability and eventually realise any capital gains arising from appreciation in the value of our Company's shares;</p> <p>iii. To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;</p> <p>iv. To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of our Company; and</p> <p>v. To possibly retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level.</p> <p>Further details are highlighted in Section 7.3 of this Circular.</p>	
Approvals required	<p>The Proposals are subject to the following approvals being obtained:-</p> <p>i. our shareholders at the EGM of our Company to be convened; and</p> <p>ii. any other relevant authorities and/ or parties, if required.</p> <p>Further details are highlighted in Section 11 of this Circular.</p>	Section 11
Conditionality of the Proposals	<p>The Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants are inter-conditional upon each other.</p> <p>The Proposed LTIP is not conditional upon the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants.</p> <p>The Proposals are not conditional upon any other proposals undertaken or to be undertaken by our Company.</p>	Section 11

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Board's recommendation	<p>Our Board (save for Dr. Abu who has abstained from all deliberations and voting in relation to the Proposed Private Placement with Warrants at the relevant Board meeting(s)), having considered all aspects of the Proposed Private Placement with Warrants, including but not limited to the rationale and justifications and effects of the Proposed Private Placement with Warrants, is of the opinion that the Proposed Private Placement with Warrants is in the best interest of our Group. Accordingly, our Board (save for Dr. Abu) recommends that our shareholders VOTE IN FAVOUR of the resolution pertaining to the Proposed Private Placement with Warrants at the EGM of our Company to be convened.</p> <p>Further, our Board, having considered all aspects of the Proposed Rights Issue with Warrants and the Proposed LTIP, including but not limited to the rationale and justifications and effects of the Proposed Rights Issue with Warrants and the Proposed LTIP, is of the opinion that the Proposed Rights Issue with Warrants and the Proposed LTIP are in the best interest of our Group. Accordingly, our Board recommends that our shareholders VOTE IN FAVOUR of the resolutions pertaining to the Proposed Rights Issue with Warrants, the Proposed LTIP and the proposed allocation of the LTIP Awards to the LTIP Interested Directors as well as allocations to persons connected to them, if any, under the Proposed LTIP at the EGM of our Company to be convened.</p> <p>Further details are highlighted in Section 15 of this Circular.</p>	Section 15

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PRESTARIANG BERHAD
(Registration No. 201001038336 (922260-K))
(Incorporated in Malaysia)

Registered Office

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

28 August 2020

Board of Directors

Paul Chan Wan Siew (*Interim Chairman, Senior Independent Non-Executive Director*)
Dr. Abu Hasan Bin Ismail (*Non-Independent Executive Director, President/ Group Chief Executive Officer*)
Ramanathan A/L Sathiamutty (*Independent Non-Executive Director*)
Ginny Yeow Mei Ying (*Independent Non-Executive Director*)
Baladesh Singh A/L Manmohan Singh (*Non-Independent Executive Director, Chief Operating Officer*)
Professor Emeritus Dato' Dr. Hassan Bin Said (*Independent Non-Executive Director*)
Hafidah Aman Binti Hashim (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

- I. PROPOSED PRIVATE PLACEMENT WITH WARRANTS;**
- II. PROPOSED RIGHTS ISSUE WITH WARRANTS; AND**
- III. PROPOSED LTIP**

1. INTRODUCTION

On 23 July 2020, UOBKH had, on behalf of our Board, announced that we proposed to undertake the following:-

- i. a private placement of 79,579,740 Placement Shares at an issue price of RM0.350 per Placement Share together with 79,579,740 Warrants on the basis of 1 Warrant for every 1 Placement Share issued;
- ii. a renounceable rights issue of up to 176,843,866 new Prestariang Shares at an issue price of RM 0.200 per Rights Share, on the basis of 1 Rights Share for every 3 existing Prestariang Shares held, together with up to 176,843,866 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on the Entitlement Date; and

- iii. the establishment of a long term incentive plan, which comprises the Proposed ESOS and the Proposed SGP, of up to 15% of the issued share capital of our Company (excluding treasury shares, if any) at any point in time during the tenure of the Proposed LTIP, for the Eligible Persons.

On 19 August 2020, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 19 August 2020, resolved to approve the following, subject to the conditions as disclosed in Section 11 of this Circular:-

- i. Admission to the official list and the initial listing and quotation of up to 256,423,606 Warrants to be issued pursuant to the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants;
- ii. Listing of:-
 - a. Up to 79,579,740 Placement Shares to be issued pursuant to the Proposed Private Placement with Warrants;
 - b. Up to 176,843,866 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
 - c. Up to 256,423,606 new Prestariang Shares to be issued pursuant to the exercise of the Warrants; and
 - d. such number of additional new Prestariang Shares representing up to 15% of the total number of issued shares (excluding treasury shares, if any) of Prestariang to be issued under the Proposed LTIP.

Further details of the Proposals are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED PRIVATE PLACEMENT WITH WARRANTS

On 21 July 2020, Prestariang had entered into a HOA with Dr. Abu, who is the Non-Independent Executive Director, President/ Group Chief Executive Officer of our Company, for the subscription by Dr. Abu of 79,579,740 new Prestariang Shares at an agreed subscription price of RM0.350 per Share.

Further to the HOA, Prestariang had on 23 July 2020, entered into a Subscription Agreement with Dr. Abu, for the proposed private placement of:-

- i. 79,579,740 Placement Shares, representing approximately 15% of the total issued share capital of 530,531,600 Shares (excluding 1,698,500 treasury shares) as at the Announcement LPD, at an issue price of RM0.350 per Placement Share; with
- ii. 79,579,740 Warrants on the basis of 1 Warrant for every 1 Placement Share issued.

The subscription of the Placement Shares are to be satisfied in full by way of cash, in accordance with the terms and conditions of the Subscription Agreement. The Warrants will be issued at no cost to Dr. Abu.

For the avoidance of doubt, the Placement Shares are not entitled to the Proposed Rights Issue with Warrants. The listing of and the quotation for the new Placement Shares and Warrants (to be issued under the Proposed Private Placement with Warrants) will be implemented concurrently with the Rights Shares and Warrants (to be issued under the Proposed Rights Issue with Warrants). The Warrants will be immediately detached from the Placement Shares upon issuance and will be traded separately.

Details of the salient terms of the Subscription Agreement and the indicative salient terms of the Warrants are set out in Section 2.2 and Section 3.7 of this Circular, respectively.

2.1 Information of Dr. Abu

Dr. Abu, a Malaysian aged 59, is currently the Non-Independent Executive Director, President/ Group Chief Executive Officer of Prestariang. He is the founder of Prestariang Group, and has been instrumental in steering the business of Prestariang Group since its inception. He has since overseen the financial and strategic growth of our Group and has over this period of time formed successful partnerships with global ICT organisation, which include Microsoft, Autodesk, IBM, Oracle, CompTIA, Certiport, Prometric, ASIC and others.

He obtained his Diploma in Architecture from Universiti Teknologi Malaysia in 1982, Bachelor of Science in Architecture in 1984 and Bachelor of Architecture in 1986, both from the University of Strathclyde, Glasgow, as well as Master of Philosophy in 1988, and Doctor of Philosophy in 1996, both from the University of Sheffield, United Kingdom.

He commenced his career in 1982 with Universiti Teknologi Malaysia as an Assistant Lecturer and became an Associate Professor in 1992. He left Universiti Teknologi Malaysia in 1997 to assume the post as the first Dean at the newly created Faculty of Creative Multimedia, Multimedia University.

Subsequently in 2000, he left and joined FSBM Holdings Bhd where he was appointed as Executive Director and held the post until 2003.

In 2003, he founded Prestariang Group and has since contributed to our Group's overall business development and driving its business growth as highlighted above. In November 2010, he was appointed to our Board as the Non-Independent Executive Director of Prestariang in which he holds this position up until today. He is also our Group's Chief Executive Officer, in which he is currently instrumental in charting our Group's overall direction and strategy, research and development, developing new products and services, and managing the overall business operations of our Group.

As at the LPD, Dr. Abu does not hold any Shares in our Company.

2.2 Salient terms of Subscription Agreement

i. Conditions precedent

The obligations of Dr. Abu to subscribe for the Placement Shares on the terms of the Subscription Agreement are conditional on:-

- a. the issue of the Placement Shares and the obligation of Dr. Abu to subscribe for the Placement Shares not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any relevant authorities;
- b. the approval of the general meeting of the shareholders of Prestariang to the issuance of the Placement Shares on the terms contemplated in the Subscription Agreement having been obtained;

- c. Bursa Securities having granted approval for the listing of and quotation for the Placement Shares and Warrants on the Main Market of Bursa Securities; and
- d. the approval of the general meeting of the shareholders of Prestariang for the Proposed Rights Issue with Warrants on the terms contemplated in this Circular having been obtained.

ii. **Payment of Subscription Price**

- a. Within 5 Business Days after the general meeting for the placement exercise,
 - aa. provide the share registrar with the details of the Central Depository System account ("**CDS Account**") particulars of Dr. Abu and any other information or document required by Bursa Depository in connection with the crediting of the Placement Shares and Warrants into the CDS Account; and
 - bb. pay to Prestariang or to the Escrow Agent the aggregate issue price for the Placement Shares in accordance with clause 3 (Subscription Price) of the Subscription Agreement.
- b. In the case where the issue price of RM0.350 per Placement Share is paid to the Escrow Agent, at least 5 Business Days prior to the retention release date (i.e. on the last day of 30 Market Days after the books closure date for the Proposed Rights Issue with Warrants, or such other date as the parties may mutually agree in writing) which is the completion date ("**Retention Release Date**") ("**Completion Date**"), the parties shall instruct the Escrow Agent to:-
 - aa. release to Prestariang from the Escrow Account an amount equal to the issue price for the Placement Shares ("**Principal Amount**") at the Retention Release Date; and
 - bb. release to Dr. Abu from the Escrow Account any accrued interest on the Principal Amount less any applicable bank charges at the Retention Release Date.
- c. At least 8 Business Days prior to the Completion Date,
 - aa. Prestariang shall procure the issuance and allotment of the Placement Shares and the Warrants to Dr. Abu in accordance with clause 5.2 (Payment of Subscription Price) of the Subscription Agreement. Prestariang shall undertake to deliver the Placement Shares and the Warrants in accordance with the settlement rules of Bursa Securities; and
 - bb. Prestariang shall procure that the Placement Shares and the Warrants are credited to the CDS Account, through the facilities of the Bursa Depository, before 5:00 p.m. (Kuala Lumpur time) on the Completion Date and that the name of Dr. Abu be entered into the Record of Depositors of Prestariang.

- d. On the Completion Date, Prestariang shall procure:-
 - aa. the listing of and quotation for the Placement Shares, Rights Shares and new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities; and
 - bb. the admission of the Warrants to the official list of Bursa Securities and the initial listing of and quotation for the Warrants on the Main Market of Bursa Securities.

iii. Assignment

Dr Abu may assign or otherwise transfer the benefit of all or any of its obligations under the Subscription Agreement, or any benefit arising under or out of the Subscription Agreement to a company which is wholly owned by him or under his control.

2.3 Basis and justification for the issue price of the Placement Shares

As highlighted in the HOA, the Placement Shares are agreed to be placed out at an issue price of RM0.350 per Placement Share.

The issue price of RM0.350 per Placement Share was arrived at between Prestariang and Dr. Abu on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:-

- i. the historical market prices of Prestariang Shares from January 2020 to June 2020, up to and including the Announcement LPD, where the highest and lowest market prices of Prestariang Shares as traded on Bursa Securities during the aforesaid period are RM0.590 and RM0.100, respectively; and
- ii. the resultant TERP of Prestariang Shares of RM0.385 computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD of RM0.446 (which is also highlighted in Section 3.2 of this Circular), whereby the issue price of RM0.350 per Placement Share represents a discount of approximately 9.09% to the TERP of RM0.385. In addition, the issue price of RM0.350 per Placement Share represents the following discount to the respective TERP based on the respective VWAMP of Prestariang Shares:-

	VWAMP RM	TERP (adjusted based on VWAMP) RM	Discount (i.e. Issue price – TERP)	
			RM	%
5-day VWAMP of Prestariang Shares up to and including the Announcement LPD	0.446	0.385	(0.035)	(9.09)
1-month VWAMP of Prestariang Shares up to and including the Announcement LPD	0.498	0.424	(0.074)	(17.45)
3-month VWAMP of Prestariang Shares up to and including the Announcement LPD	0.441	0.381	(0.031)	(8.14)
6-month VWAMP of Prestariang Shares up to and including the Announcement LPD	0.412	0.359	(0.009)	(2.51)

(Source: Bloomberg)

As set out in Section 3 of this Circular, in conjunction with the Proposed Private Placement with Warrants, our Company will also be undertaking a Proposed Rights Issue with Warrants exercise.

The Proposed Private Placement with Warrants will be implemented concurrently with the Proposed Rights Issue with Warrants (i.e. the listing of the Placement Shares, the Rights Shares and the Warrants will all be implemented simultaneously on the same day). The Placement Shares subscribed is not entitled to the Rights Shares pursuant to the Proposed Rights Issue with Warrants.

Our Board has also taken into account further justifications in determining the discount represented by the issue price as follows:-

- i. the historical financial performance of Prestariang for the past 3 financial years/ period up to the FPE 30 June 2019 and the 9-month FPE 31 March 2020, where Prestariang has been in a loss making position since the restated FYE 31 December 2017, further details as illustrated in the table below:-

	<-----Audited----->			<--Unaudited-->	
	FYE 31 December 2016 RM'000	FYE 31 December 2017 RM'000	Restated FYE 31 December 2017 ^{*1} RM'000	FPE 30 June 2019 ^{*2} RM'000	9-month FPE 31 March 2020 RM'000
Revenue	132,071	219,506	141,453	367,318	95,387
Gross profit	32,398	65,833	32,115	108,351	17,447
PAT/ (LAT)	9,048	24,570	(2,546)	(8,957)	(9,692)
Net cash for operating activities	(683)	(7,478)	(7,478)	(72,253)	10,094

Notes:-

^{*1} During the FPE 30 June 2019, Prestariang has adopted MFRS 15 and restated its accounts for the FYE 31 December 2017. The impact on the accounts for the FYE 31 December 2017 are as follows:-

- i. The revenue recognition in respect of the SKIN project in FYE 31 December 2017 was deferred to FPE 30 June 2019 based on the SKIN agreement effective date; and
- ii. the cost incurred in relation to the revenue mentioned in item i above was also correspondingly deferred from FYE 31 December 2017 and recognised in FPE 30 June 2019.

^{*2} Our Group has changed its financial year-end from 31 December to 31 March on 31 December 2018 and from 31 March to 30 June on 28 February 2019 effective from the financial period for the 18 month ended 30 June 2019. The change in financial year end was in line with the ongoing negotiations for compensation arising from the SKIN project.

Based on the table above, our Group recorded LAT during the restated FYE 31 December 2017 and the FPE 30 June 2019 up to the 9-month FPE 31 March 2020. In addition, our Group recorded negative cash flow from operating activities during the FYE 31 December 2017 and the FPE 30 June 2019.

- ii. amidst the current business uncertainties which our company is facing following the concerns raised by the auditors in the Independent Auditors' Report in our Group's Audited Financial Statements for the FPE 30 June 2019 in relation to the going concern status of our Group and the continued losses since then coupled with the uncertainties arising from the recent Covid-19 pandemic and its impact on the global economy, our Board (save for Dr. Abu) is of the view RM0.350 was a reasonable issue price to entice Dr. Abu to subscribe for the Placement Shares; and

- iii. by fixing the issue price upfront and executing the Subscription Agreement, Dr. Abu will anchor the proposed fund raising as he will inject approximately RM27.85 million, which represents approximately 73.30% (Minimum Scenario) and 44.06% (Maximum Scenario) of the indicative gross proceeds to be raised from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants. The funds will be received within 5 Market Days into a designated Escrow Account after the EGM of our Company to be convened, subject to obtaining shareholders' approval for the Proposals. Accordingly, the funds will be held in the designated Escrow Account from the date of payment up to the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities, thereafter the fund will be transferred to our Company on the completion date of the Proposed Private Placement with Warrants.

2.4 Basis and justification for the exercise price of the Warrants

The Warrants will be issued at no cost to Dr. Abu.

The basis and justifications for the exercise price of the Warrants (to be issued under the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) are identical, details of which are set out in Section 3.3 of this Circular.

2.5 Indicative salient terms of Warrants

The indicative salient terms of the Warrants (to be issued under the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) are identical, details of which are set out in Section 3.7 of this Circular.

2.6 Ranking of the Placement Shares and the new Shares to be issued arising from the exercise of the Warrants

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares. For the avoidance of doubt, the Placement Shares are not entitled to the Proposed Rights Issue with Warrants.

The new Shares to be issued arising from the exercise of the Warrants (to be issued under the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the new Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the said new Shares.

2.7 Listing of and quotation for the Placement Shares and Warrants

Bursa Securities had, vide its letter dated 19 August 2020, approved the admission of the Warrants to the official list of Bursa Securities as well as the listing of and quotation for the Placement Shares, the Warrants and the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

3. PROPOSED RIGHTS ISSUE WITH WARRANTS

3.1 Basis and number of Rights Shares and Warrants to be issued

The Proposed Rights Issue with Warrants entails a renounceable rights issue of up to 176,843,866 Rights Shares at an issue price of RM0.200 per Rights Share, on the basis of 1 Rights Share for every 3 existing Shares held, together with up to 176,843,866 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, by the Entitled Shareholders.

As at the LPD, the total issued shares of Prestariang is 530,531,600 Shares (excluding 1,698,500 treasury shares). For the purpose of implementing the Proposed Rights Issue with Warrants, our Board has undertaken to ensure that our Company shall not purchase/ sell/ cancel/ distribute any Prestariang Shares currently held as treasury shares pursuant to our Company's share buy-back program until the completion of the Proposed Rights Issue with Warrants.

The Proposed Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis, where the Proposed Rights Issue with Warrants would entail a minimum issuance of Rights Shares to raise a minimum gross proceeds of RM10,146,427.

Notwithstanding the above, in the event all the Entitled Shareholders and/ or their renounee(s) fully subscribe for their entitlements under the Proposed Rights Issue with Warrants, a total of up to 176,843,866 Rights Shares together with up to 176,843,866 Warrants will be issued, raising a maximum gross proceeds of RM35,368,773. In addition, a total of up to 176,843,866 Shares will be issued upon full exercise of the Warrants from the Proposed Rights Issue with Warrants over the tenure of the Warrants. The actual number of Rights Shares and Warrants to be issued would depend on the total issued shares of Prestariang as at the Entitlement Date and the eventual subscription rate.

As set out in Section 5 of this Circular, the indicative gross proceeds to be raised from the Proposed Rights Issue with Warrants will be allocated to the working capital for expansion of our Group's existing business, the expansion of our Group's new product and service offerings and to fully repay advances from Directors as well as redemption of RSLs.

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/ or renounce their entitlements to the Rights Shares in full or in part. Only Entitled Shareholders and/ or their renounee(s) who successfully subscribe for the Rights Shares will be entitled to the Warrants.

The Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue with Warrants will simultaneously relinquish their corresponding entitlements to the Warrants. For the avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable. Any unsubscribed Rights Shares together with the Warrants will be made available to other Entitled Shareholders and/ or their renounee(s) via the excess Rights Shares application. The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately.

The Warrants (to be issued under the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) will be issued upon in registered form and constituted by the Deed Poll.

Fractional entitlements of the Rights Share and Warrants, if any, will be dealt with in such manner and on such terms and conditions as our Board shall in its absolute discretion deem fit or expedient and is in the best interest of our Company.

For avoidance of doubt, the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants are inter-conditional upon each other.

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

The issue price of RM0.200 per Rights Share was determined by our Board after taking into consideration, amongst others, the following:-

- i. The minimum gross proceeds of RM10,146,427 to be raised from the Proposed Rights Issue with Warrants;
- ii. The resultant TERP of Prestariang Shares of RM0.385 computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD of RM0.446, whereby the issue price RM0.200 per Rights Share represents a discount of approximately 48.05% to the TERP of RM0.385. In addition, the issue price of RM0.200 per Rights Share represents the following discount to the respective TERP based on the respective VWAMP of Prestariang Shares:-

	VWAMP RM	TERP (adjusted based on VWAMP) RM	Discount (i.e. Issue price – TERP) RM %	
5-day VWAMP of Prestariang Shares up to and including the Announcement LPD	0.446	0.385	(0.185)	(48.05)
1-month VWAMP of Prestariang Shares up to and including the Announcement LPD	0.498	0.424	(0.224)	(52.83)
3-month VWAMP of Prestariang Shares up to and including the Announcement LPD	0.441	0.381	(0.181)	(47.51)
6-month VWAMP of Prestariang Shares up to and including the Announcement LPD	0.412	0.359	(0.159)	(44.29)

(Source: Bloomberg)

- iii. The historical financial performance of Prestariang for the past 3 financial years/ period up to the FPE 30 June 2019 and the 9-month FPE 31 March 2020, where Prestariang has been in a loss making position since the restated FYE 31 December 2017, further details as illustrated in Section 2.3 of this Circular.

In view that the financial performance of Prestariang has been poor in the recent years, our Company is in its rebuilding and recovery stage following the impact of the SKIN project termination, effective on 22 January 2019 and as such, the proceeds raised from the Proposed Rights Issue with Warrants in addition to the Proposed Private Placement with Warrants will be instrumental in funding the business plans details of which are set out in Section 5 of this Circular.

Accordingly, the issue price of RM0.200 per Rights Share which represents a discount of 48.05% to the TERP computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD was considered reasonable by our Board in terms of the discounted value and discount percentage of the issue price as it could possibly entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their respective entitlements, and shall accordingly allow Prestariang to raise a maximum gross proceeds of RM35.37 million under the Maximum Scenario that will be channeled towards the proposed utilisation as set out in Section 5 of this Circular.

Further, notwithstanding that the Proposed Rights Issue with Warrants is undertaken on a Minimum Subscription Level, it is the intention of our Board to achieve full subscription from the Entitled Shareholders to raise a maximum gross proceeds of RM35.37 million under the Maximum Scenario. Accordingly, our Board is of the opinion that the deep discount of 48.05% to the TERP is considered reasonable to entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their respective entitlements.

3.3 Basis of determining and justification for the exercise price of the Warrants

The Warrants (to be issued under to the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) will be issued at no cost to the Entitled Shareholders who subscribe for the Rights Shares and Dr. Abu who subscribes for the Placement Shares.

The exercise price of RM0.385 per Warrants (to be issued under the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) was determined by our Board after taking into consideration, amongst others, the following:-

- i. the Warrants (to be issued under the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) will be issued at no cost to the Entitled Shareholders who subscribe for the Rights Shares and Dr. Abu who subscribes for the Placement Shares; and
- ii. the TERP of the Shares of RM0.385 computed based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD of RM0.446.

3.4 Minimum Subscription Level, irrevocable and unconditional undertakings and underwriting arrangements for the Proposed Rights Issue with Warrants

Our Board has determined to undertake the Proposed Rights Issue with Warrants on the Minimum Subscription Level after taking into consideration the minimum level of funds of approximately RM10.15 million that our Company intends to raise from the Proposed Rights Issue with Warrants that will be channeled towards the proposed utilisation as set out in Section 5 of this Circular.

In order to meet the Minimum Subscription Level, the Undertaking Shareholders had on 11 August 2020, provided their respective irrevocable undertakings that they will subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date. In addition, one of the Undertaking Shareholders, namely Affin Hwang Multi-Asset Fund, will subscribe for additional 4,000,000 Rights Shares not taken up by the other Entitled Shareholders and/ or their renounee(s) by way of excess Rights Shares application, after taking into consideration its shareholdings as at the LPD.

As at the LPD, the Undertaking Shareholders collectively hold 140,196,400 Shares representing approximately 26.43% of the issued share capital of Prestariang. A summary of the Undertakings (under the Minimum Scenario) is set out below:-

Undertaking Shareholders	Direct shareholdings as at the LPD		Rights Shares to be subscribed under the Undertakings		Direct shareholdings after the Proposed Rights Issue with Warrants		Funding required RM ^{*6}
	No. of Shares	% ^{*1}	No. of Shares	% ^{*4}	No. of Shares	% ^{*5}	
Areca Dynamic Growth Fund	77,196,400	14.55	25,732,133 ^{*2}	50.72	102,928,533	15.58	5,146,427
Affin Hwang Multi-Asset Fund	63,000,000	11.88	25,000,000	49.28	88,000,000	13.32	5,000,000
			21,000,000 ^{*2}	41.39			
			4,000,000 ^{*3}	7.89			
Total	140,196,400	26.43	50,732,133	100.00	190,928,533	28.90	10,146,427

Notes:-

^{*1} Based on the total issued share capital of Prestariang as at the LPD amounting to 530,531,600 Prestariang Shares (excluding 1,698,500 treasury shares).

^{*2} The Undertaking Shareholders to subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date.

^{*3} Affin Hwang Multi-Asset Fund will subscribe for additional 4,000,000 Rights Shares not taken up by the other Entitled Shareholders and/ or their renounee(s) by way of excess Rights Shares application.

^{*4} Computed based on 50,732,133 Rights Shares available for subscription under the Minimum Scenario.

^{*5} Computed based on the enlarged issued shares of Prestariang amounting to 660,843,473 Prestariang Shares upon completion of the Proposed Rights Issue with Warrants under the Minimum Subscription Level.

^{*6} Based on the issue price of RM0.200 per Rights Share.

For information purpose, the effects under the Maximum Scenario are not illustrated hereinabove as the Proposed Rights Issue with Warrants under this scenario will not have any effect on the percentage of the shareholders' shareholdings pursuant to the Proposed Rights Issue with Warrants, as the Rights Shares are assumed to be fully subscribed by all the Entitled Shareholders on a pro-rata basis.

The Undertaking Shareholders have respectively confirmed via the Undertakings that they have sufficient financial resources to fulfil their respective Undertakings. The said confirmations have been verified by UOBKH, being the Adviser for the Proposed Rights Issue with Warrants.

As the Rights Issue with Warrants has been structured on a Minimum Subscription Level basis, we will not procure any underwriting arrangement for the remaining portion of the Rights Shares which are not subscribed for by other Entitled Shareholders.

Pursuant to Paragraphs 3.06(1) and 8.02(1) of the Listing Requirements, our Company must ensure that at least 25% of the total listed Shares are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each. For information purposes, the public shareholding spread of our Company is not expected to fall below 25% of the enlarged issued share capital of our Company after the completion of the Proposed Rights Issue with Warrants, including in the event that the Undertaking Shareholders subscribe for the Rights Shares based on the Undertakings and no other Entitled Shareholders subscribe for the Rights Shares. After taking into consideration the Undertakings, the subscription of the Rights Shares by the Undertaking Shareholders under the Minimum Scenario will not give rise to any mandatory general offer obligation pursuant to the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC.

For information purposes, the pro forma effects of the Proposed Rights Issue with Warrants (under the Minimum Scenario) on our public shareholding spread are as follows:-

	As at the LPD		I After the Proposed Private Placement with Warrants		II After I and the Proposed Rights Issue with Warrants		III After II and assuming full exercise of Warrants	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Share capital ^{*1}	530,531,600	100.00	610,111,340	100.00	660,843,473	100.00	791,155,346	100.00
Less: Directors/ substantial shareholders/ associates' shareholdings	141,196,400	26.61	220,776,140	36.19	271,508,273	41.09	401,820,146	50.79
Public shareholdings	389,335,200	73.39	389,335,200	63.81	389,335,200	58.91	389,335,200	49.21

Note:-

^{*1} Excluding 1,698,500 treasury shares.

Based on the table above, we will still be in compliance with the minimum public shareholding spread of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements. Upon completion of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants (but before the exercise of Warrants) under the Minimum Scenario, our public shareholding spread may reduce from approximately 73.39% as at the LPD to approximately 58.91% (excluding treasury shares).

Thereafter, assuming full exercise of the Warrants held by the Undertaking Shareholders under the Minimum Scenario, our public shareholding spread may further reduce from approximately 58.91% to approximately 49.21% (excluding treasury shares).

For information purpose, the Maximum Scenario will not have any effect on the public shareholding spread as there will not be any effect on the percentage of the shareholders' shareholdings given that the Rights Shares are assumed to be fully subscribed by all the Entitled Shareholders on a pro-rata basis, and accordingly such scenario is not illustrated hereinabove.

3.5 Ranking of the Rights Shares and new Prestariang Shares to be issued arising from the exercise of the Warrants

The Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the Rights Shares.

The new Shares to be issued arising from the exercise of the Warrants (to be issued under the Proposed Rights Issue with Warrants and the Proposed Private Placement with Warrants) will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the new Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the said new Shares.

3.6 Listing of and quotation for the Rights Shares, the Warrants and the new Shares to be issued arising from the exercise of the Warrants

Bursa Securities had, vide its letter dated 19 August 2020, approved the admission of the Warrants to the official list of Bursa Securities as well as the listing of and quotation for the Rights Shares, the Warrants and the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

3.7 Indicative salient terms of the Warrants

Issue size	: 79,579,740 Warrants pursuant to the Proposed Private Placement with Warrants and up to 176,843,866 Warrants pursuant to the Proposed Rights Issue with Warrants
Form and constitution	: The Warrants will be issued in registered form and constituted by the Deed Poll
Exercise period	: The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants (" Issue Date ") and ending on a date falling on a market day immediately preceding the date which is the fifth (5th) anniversary from the Issue Date, and if such a day is not a market day, on the immediate preceding market day (" Expiry Date "). Warrants not exercised during the exercise period will thereafter lapse and cease to be valid
Mode of exercise	: The registered holder of the Warrant is required to lodge an exercise form, as set out in the Deed Poll, with Prestariang's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or in any other manner provided in accordance with the Deed Poll
Exercise price	: RM0.385 per Warrant, which is only payable in respect of each new Share to which a Warrant holder will be entitled to subscribe upon exercise of the exercise rights or subject to adjustments in accordance with the provisions of the Deed Poll
Exercise rights	: Each Warrant holder is entitled, at any time during the exercise period, to subscribe for 1 new Shares at the exercise price, subject to adjustments in accordance with the provisions and conditions of the Deed Poll

- Board lot : For the purpose of trading on Bursa Securities and subject to such conditions which the Bursa Securities may impose from time to time, 1 board lot of Warrants shall be 100 Warrants carrying the right at the Issue Date to subscribe for 100 new Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities
- Ranking of New Shares : The new Shares to be issued pursuant to the exercise of the Warrants shall rank equally in all respects with the existing Shares, save and except that the new Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution, the entitlement date of which is prior to the date of allotment and issuance of the new Shares
- Participating rights of the holders of Warrants in any distribution and/ or offer of further securities : The Warrant holders are not entitled to voting rights and/ or to participate in any distribution, rights, allotment and/ or offer of further securities in Prestariang until and unless the Warrants holders are issued with the new Shares arising from the exercise of the Warrants and become a shareholder of Prestariang
- Adjustments in the exercise price and/ or number of Warrants : The exercise price of the Shares to which a Warrant holder is entitled to subscribe and/ or the number of Warrants shall from time to time be adjusted by the Directors in consultation with the adviser and certified by the auditors in accordance with the provisions of the Deed Poll. Accordingly, upon and subject to the conditions of the Deed Poll, the exercise price of the Shares to which a Warrant holder is entitled to subscribe and/ or the number of Warrants will be adjusted in all or any of the following cases:-
- i. alteration of share capital of Prestariang through consolidation, subdivision or conversion; or
 - ii. an issue by Prestariang of Shares to shareholders by way of capitalisation of profits or reserves (whether of a capital or income nature); or
 - iii. a capital distribution to shareholders made by Prestariang whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - iv. an offer or invitation to shareholders made by Prestariang whereunder they may acquire or subscribe for Shares by way of rights; or
 - v. an offer or invitation to shareholders made by Prestariang by way of rights whereunder they acquire or subscribe for securities convertible into, or rights to acquire or subscribe for new Shares; or
 - vi. a combination of all or any of the above cases.
- Rights in the event of winding-up, liquidation, compromise and/ or arrangement : If a resolution is passed for a members' voluntary winding up of Prestariang, or where there is a compromise or arrangement whether or not for the purpose of or in connection with a scheme for the reconstruction of Prestariang or amalgamation of Prestariang with one or more companies, then:-
- i. for the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which Prestariang is the continuing corporation) to which the Warrant holder (or some other person designated by them for such purposes by special resolution) shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant holders; and

- ii. in any other case, every Warrant holder of the Warrants shall be entitled upon and subject to the conditions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of Prestariang or within 6 weeks after the granting of the court order approving the compromise or arrangement, by submitting the Notice(s) of Exercise duly completed, authorising the debiting of his Warrants, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by such Warrants to the extent specified in the Notice(s) of Exercise and be entitled to receive out of the assets of Prestariang which would be available in liquidation as if he had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of Prestariang shall give effect to such election accordingly.

If Prestariang is wound up or an order has been granted for such compromise or arrangement, all the exercise rights which have not been exercised within 6 weeks of the passing of such resolution or the granting of the court order, shall lapse and the Warrants will cease to be valid for any purpose

Listing status	:	Warrants shall be listed and quoted on the Main Market of Bursa Securities
Transferability	:	The Warrant holder may transfer the Warrants in the manner provided under the Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Depository
Modifications	:	All or any of the rights for the time being attached to the Warrants (other than the exercise price and exercise rights on the formulae for the adjustment of the exercise price and exercise rights or other than as specifically provided in the conditions of the Deed Poll) may be altered or abrogated by Prestariang from time to time (whether or not Prestariang is being wound up) and the sanction of a special resolution passed at a meeting of the Warrant holders shall be necessary and sufficient to effect such alteration or abrogation. For the avoidance of doubt, the adjustment of the exercise price or the number of Warrants held by each Warrant holder pursuant to the provisions of the Warrants or the Deed Poll shall not be construed as a modification of any of the Warrants or the Deed Poll. Any of such modification shall however be subject to the approval of the relevant authorities, where necessary
Governing law	:	Laws and regulations of Malaysia

4. PROPOSED LTIP

The Proposed LTIP serves to attract, retain, motivate and reward Directors and employees of Prestariang Group (excluding subsidiary companies which are dormant), who fulfil the eligibility criteria as set out in Section 4.3(iii) of this Circular through the award of Prestariang Shares or the rights to subscribe for Prestariang Shares as determined by the LTIP Committee in accordance with the By-Laws governing it. For the avoidance of doubt, the Proposed LTIP (save for the Proposed SGP) will also be extended to Non-Executive Directors of our Company in recognition of their contributions towards the growth and performance of our Group. However, Dr. Abu has voluntarily relinquished his eligibility to the Proposed LTIP.

The Proposed LTIP will be administered in accordance with the By-Laws by the LTIP Committee, who will be responsible for, amongst others, implementing, allocating and administering the Proposed LTIP. The members of the LTIP Committee shall comprise of such number of Directors and/ or senior management personnel of our Group to be identified from time to time. Our Board will also formulate and approve the terms of reference of the LTIP Committee.

The Proposed LTIP shall comprise of the Proposed SGP and the Proposed ESOS. The Proposed SGP is intended to award Prestariang Shares to Executive Directors and/ or senior management of our Group whilst the Proposed ESOS is intended to allow our Company to award share options to Directors and employees of our Group, subject to them fulfilling certain vesting conditions as determined by the LTIP Committee at a later date after the establishment of the Proposed LTIP.

In implementing the Proposed LTIP, the LTIP Committee may at its absolute discretion decide that the ESOS Award(s) or SGP Award(s) be satisfied by the following methods:-

- i. issuance of new Shares;
- ii. transfer of our Company's treasury shares or any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or
- iii. a combination of any of the above.

In considering whether to issue new Shares and/ or transfer of Company's treasury shares or any other methods as may be permitted by the Act, the LTIP Committee will take into consideration, among others, factors such as the issue price of the new Shares (which shall be determined based on fair value of the Shares as at the date of the LTIP Awards), the prevailing market price of the Shares, funding requirements of our Group, future returns and the potential cost arising from the granting of the LTIP Awards. Further details on the potential cost arising from the granting of the LTIP Awards are set out in Section 9 of this Circular.

4.1 Proposed ESOS

Under the Proposed ESOS, the LTIP Committee may, at any time during the duration of the Proposed LTIP, grant an award of ESOS Options in writing to Eligible Persons selected by the LTIP Committee which selection shall be at the absolute discretion of the LTIP Committee, subject to the terms and conditions of the By-Laws.

Upon acceptance of the ESOS Awards by the Eligible Persons, the ESOS Awards will be vested to the ESOS Participants over the tenure of the Proposed LTIP, subject to the ESOS Participants fulfilling certain vesting conditions as determined by the LTIP Committee at a later date after the establishment of the Proposed LTIP.

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on a price to be determined by our Board upon recommendation of the LTIP Committee based on the 5-day VWAMP of Prestariang Shares at the date of the ESOS Award, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time at the LTIP Committee's discretion.

4.2 Proposed SGP

Under the Proposed SGP, the LTIP Committee may, annually at any time during the duration of the Proposed LTIP, grant an award of Prestariang Shares in writing to any Executive Directors and/ or senior management of our Group selected by the LTIP Committee which selection shall be at the absolute discretion of the LTIP Committee.

Upon acceptance of the SGP Award(s) by the Eligible Persons, the SGP Award(s) will be vested to the SGP Participants over the tenure of the Proposed LTIP, subject to the SGP Participants fulfilling certain vesting conditions as determined by the LTIP Committee at a later date after the establishment of the Proposed LTIP.

4.3 Indicative salient terms of the Proposed LTIP

i. Maximum number of Shares available under the Proposed LTIP

The maximum number of Prestariang Shares which may be made available under the Proposed LTIP shall not in aggregate exceed 15% of the total number of issued Shares of our Company (excluding treasury shares, if any) at any point of time during the tenure of the Proposed LTIP.

ii. Basis of allotment and maximum allowable allotment

The allocation of Prestariang Shares to be made available for the SGP Award(s) and/ or ESOS Awards under the Proposed LTIP shall be determined by the LTIP Committee annually, or such other period as determined by the LTIP Committee.

Subject to the By-Laws, the maximum number of Prestariang Shares awarded to any one Eligible Person under the Proposed LTIP at any point of time in each LTIP Award shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the Eligible Person's designation, length of service, work performance and/ or such other factors as the LTIP Committee deems fit, and subject to the following conditions:-

- a. the total number of Prestariang Shares made available under the Proposed LTIP shall not exceed the amount in Section 4.3(i) above;
- b. not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of issued Shares made available under the Proposed LTIP shall be allocated to any Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with the Eligible Person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of our Company (excluding treasury shares, if any);
- c. up to a maximum of 50% of the total number of Prestariang Shares made available under the Proposed LTIP could be allocated, in aggregate, to our Directors and senior management of our Group who are Eligible Persons (where "senior management" shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time). This is intended to incentivise our Directors of our Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of our Group and to incentivise the senior management of our Group for their commitment, dedication and loyalty towards attainment of higher performance; and
- d. our Directors and senior management of our Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any,

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

The LTIP Committee shall be entitled to determine the maximum number of LTIP Awards that will be made available to an Eligible Person under the Proposed LTIP, in the manner provided in the By-Laws in relation to each class or grade of the Eligible Persons and the aggregate maximum number of LTIP Awards that can be awarded to the Eligible Persons under the Proposed LTIP from time to time, and the decision of the LTIP Committee shall be final and binding.

For the avoidance of doubt, the LTIP Committee may at its sole and absolute discretion determine whether granting of the LTIP Awards to the Eligible Persons will be staggered over the duration of the Proposed LTIP or in a single award and/ or whether the LTIP Awards will be subject to any vesting period and if so, to determine the vesting conditions including whether such vesting conditions are subject to performance targets, the determination of which will be carried out at a later date after the establishment of the Proposed LTIP.

iii. Eligibility

Subject to the discretion of the LTIP Committee, only Eligible Persons who fulfil the following conditions as at the LTIP Award Date shall be eligible to participate in the Proposed LTIP:-

- a. in respect of an employee, the employee must fulfil the following criteria as at the LTIP Award Date to participate in the Proposed LTIP in the manner provided in the By-Laws:-
 - aa. is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - bb. is confirmed to be in employment of our Company or any company in our Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and
 - cc. fulfils any other criteria and/ or falls within such category as may be determined by the LTIP Committee from time to time.
- b. in respect of a Director, the Director must fulfil the following criteria as at the LTIP Award Date:-
 - aa. is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - bb. has been appointed as a Director of our Company or any company in our Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and
 - cc. fulfils any other criteria and/ or falls within such category as may be determined by the LTIP Committee from time to time,

provided always that the selection of any Director or employee for participation in the Proposed LTIP and the number of LTIP Awards to be awarded to an Eligible Person under the Proposed LTIP shall be at the sole discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

Notwithstanding the above, the LTIP Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out in the By-Laws.

Subject to Sections 4.3(iii)(a) and 4.3(iii)(b) of this Circular, there are no performance targets to be achieved by the SGP Participants and ESOS Participants before the SGP Award(s) can be vested and ESOS Options can be exercised into Prestariang Shares, respectively at this juncture. Notwithstanding this, the LTIP Committee may from time to time at its own discretion decide on the performance targets in the future.

iv. Duration and termination

The Proposed LTIP, when implemented, shall be in force for a period of 5 years from the effective date of implementation of the Proposed LTIP ("**LTIP Effective Date**"). Our Company may, if our Board deems fit and upon the recommendation of the LTIP Committee, extend the Proposed LTIP for a period of up to another 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the LTIP Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

Such extended Proposed LTIP shall be implemented in accordance with the terms of the By-Laws, save for any amendment and/ or change to the relevant statutes and/ or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Proposed LTIP and our Company shall serve appropriate notices on each LTIP Participant and/ or make any necessary announcements to any parties and/ or Bursa Securities (if required) within 30 days prior to the date of expiry of the Proposed LTIP.

The Proposed LTIP may be terminated by the LTIP Committee at any time before the date of expiry of the Proposed LTIP in accordance with the terms of the By-Laws provided that an announcement is released to Bursa Securities on the following:-

- a. the effective date of termination ("**LTIP Termination Date**");
- b. the Prestariang Shares vested pursuant to the Proposed SGP and/ or number of ESOS Options exercised pursuant to the Proposed ESOS; and
- c. the reasons and justification for termination.

Prior to the termination of the Proposed LTIP, our Company shall provide 30 days' notice to all LTIP Participants and allow the LTIP Participants to exercise any vested but unexercised ESOS Options; and transfer any shares of any vested SGP Award(s) prior to the LTIP Termination Date. However, notwithstanding the above, an Eligible Person who is a Non-Executive Director must not sell, transfer or assign Prestariang Shares obtained through the exercise of ESOS Options within 1 year from the LTIP Award Date pursuant to Paragraph 8.20 of the Listing Requirements.

Upon expiry or termination of the Proposed LTIP, any LTIP Awards which have yet to be vested or exercised (as the case may be and whether fully or partially) shall be deemed cancelled and be null and void.

Subject to the requirements under the Listing Requirements, approval or consent of the shareholders of our Company by way of resolution in a general meeting and written consent of the LTIP Participants in relation to the unvested Prestariang Shares and/ or unexercised ESOS Options are not required to effect the termination of the Proposed LTIP.

v. Basis of determining the subscription price of ESOS Options

For the Proposed ESOS, subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the subscription price of ESOS Options shall be the 5-day VWAMP of Prestariang Shares at the date of the ESOS Award, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time at the LTIP Committee's discretion.

For the avoidance of doubt, the new Shares pursuant to the Proposed SGP will vest with the SGP Participants at no cost to them.

vi. Ranking of the ESOS Options and new Shares arising from the exercise of the ESOS Options and/ or upon vesting of the SGP Award(s)

The Eligible Persons who have accepted the offer of ESOS Options will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in our Company until and unless such ESOS Participants exercise their ESOS Options into new Shares.

Any new Shares to be issued under the Proposed LTIP and/ or existing Shares procured by our Company for the transfer under the SGP Award(s) or exercise of the ESOS Options (vide treasury shares), shall upon allotment and issuance or transfer and full payment, rank equally in all respects with the existing Shares, save and except that the new Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the new Shares. The new Shares will be subject to all provisions of the Constitution of our Company and such amendments thereafter, if any.

vii. Retention Period

The Shares to be allotted and issued or transferred to the Participant pursuant to this Scheme will not be subjected to any retention period unless otherwise as stated in the LTIP Award(s) as determined by the LTIP Committee from time to time.

The LTIP Committee shall be entitled to prescribe or impose, in relation to any offer, any condition relating to any retention period or restriction on the transfer of the Shares to be issued and/ or transferred (vide treasury shares) pursuant to the Proposed LTIP as it deems fit.

Notwithstanding the above, pursuant to Paragraph 8.20 of the Listing Requirements, an Eligible Person who is a Non-Executive Director must not sell, transfer or assign Prestariang Shares obtained through the exercise of the ESOS Options offered to him/her within 1 year from the date of the ESOS Award.

viii. Listing of and quotation for the new Shares

Bursa Securities had vide its letter dated 19 August 2020, approved the listing of and quotation for such number of new Prestariang Shares, representing up to 15% of the total number of issued shares of our Company, which may be issued pursuant to the Proposed LTIP on the Main Market of Bursa Securities.

5. UTILISATION OF PROCEEDS

5.1 Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants

The indicative gross proceeds to be raised from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants are set out as follows:-

Proposal	Investor(s)/ subscribers	No. of Placement Shares	Issue price RM	Gross proceeds to be raised		
				Minimum Scenario RM	Maximum Scenario RM	
Proposed Private Placement with Warrants	Dr. Abu	79,579,740	0.350	27,852,909	27,852,909	
		No. of Rights Shares				
		Minimum Scenario	Maximum Scenario			
Proposed Rights Issue with Warrants	Undertaking Shareholders / Entitled Shareholders	50,732,133	176,843,866	0.200	10,146,427	35,368,773
Total				37,999,336	63,221,682	

For illustrative purposes, the intended utilisation of proceeds to be raised from the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants is set out as follows:-

Proposed utilisation	Estimated timeframe for the utilisation of proceeds* ¹	Minimum Scenario		Maximum Scenario	
		RM'000	%	RM'000	%
Working capital for expansion of existing business ²	Within 12 months	30,599	80.53	28,309	44.78
Business expansion for new product offerings ³	Within 24 months	-	-	17,513	27.70
Full repayment of advances from Directors as well as redemption of the RSLs ⁴	Within 3 months	6,500	17.10	16,500	26.10
Estimated expenses in relation to the Proposals ⁵	Upon completion	900	2.37	900	1.42
Total		37,999	100.00	63,222	100.00

Notes:-

*¹ From the date of completion of the Proposals.

*² The proceeds earmarked for working capital will be utilised to finance the day-to-day operations of our Group and is estimated to be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
To support distribution of software license business ^a	30,599	28,309
Total	30,599	28,309

^a Our Group has earmarked approximately RM30.60 million under the Minimum Scenario and RM28.31 million under the Maximum Scenario for the software and services business which involves distribution of software licenses, provision of software support services, and software asset management. The working capital are required mainly to pay for the software and services to the principals, third party service providers (e.g. equipment and software suppliers other than the principals, trainers and content providers) and other operating cost (e.g. staff cost, marketing expenses, equipment rental, licence fees for internal software and hardware for internal use, upkeep of properties, finance cost, utilities and other administrative expenses).

Sufficient working capital is important to ensure that our Group is able to source for the software and services and deliver to the customers on timely basis. This will improve the turnaround cycle from the start of customers orders to the delivery of the software and services to the customers and collection of payment from the customers. Such improvement is expected to enable our Group to repeat this cycle faster and generate more sales. The timely payments to suppliers will also allow our Group to enjoy more favorable terms from the principals and third party suppliers which will, in turn, enable our Group to achieve better profit margin.

The actual amount to be utilised for working capital requirements may differ subject to the operating requirements at the time of utilisation. In the event of a surplus/ deficit in the allocated amounts for the aforesaid working capital requirements, such variance will be adjusted to/ from the proceeds allocated for other working capital requirements, depending on the respective funding requirements at that point of utilisation.

³ Our Group has earmarked approximately RM17.51 million under the Maximum Scenario for its business expansion plan which consists of the expansion of our Group's clientele base and product line and offerings of services to include new product principals such as Amazon, Google and others. In addition, the expansion of our Group's product and service offerings for development will include, amongst others, cloud management platform, business productivity applications, specialised software and talent training and placement. Based on the foregoing, our Group's expansion will mainly focus on licensing and software services (including cloud base products and services) which is in line with the current trend of accelerated dependency on digital systems and the ability to work remotely following the implementation of the MCO enforced by the Government of Malaysia to tackle the Covid-19 pandemic. The type of expenses to be incurred include platform development costs which would include license fees, professional services to consultants and IT infrastructure, third party cloud services, staff cost and marketing expenses.

⁴ As at the LPD, our Group's total borrowings stood at approximately RM58.32 million. The proceeds earmarked for the full repayment of advances from Directors as well as redemption of the RSLs will be utilised as set out below:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
Directors' Loan ^a	6,500	6,500
RSLs ^b	-	10,000
Total	6,500	16,500
Estimated interest savings per annum	1,170	2,170

^a As at the LPD, the loans provided by our Directors stood at approximately RM6.50 million. Our Group has earmarked approximately RM6.50 million under the Minimum Scenario and Maximum Scenario to fully settle the loans provided by our Directors. For information purposes, the loans are provided by the following Directors of our Company (current and past):-

- i. Dr. Abu provided a loan of RM1.50 million, which was drawn down on 31 January 2019; and
- ii. Dato' Mohamed Yunus Ramli Bin Abbas provided a loan of RM 5.00 million, which was drawn down on 24 October 2018.

The loans obtained from our abovementioned Directors were given as interim funding to our Company to cover for shortfall in cash flow at the time and were used to provide working capital to our Group. This include working capital to pay for software and services to principals and vendors as part of our Group's cost of sales and for operating cost. The loans were intended to be for a short-term period of not more than 1 year. However, due to continued cash flow shortage faced by our Group, the period of both loans have been extended and remain outstanding. The repayment of these loans will result in cost savings of RM1.17 million per annum based on the interest rate of 18% per annum.

^b As at the LPD, the RSLs stood at approximately RM10.00 million. Our Group has earmarked approximately RM10.00 million under the Maximum Scenario to fully redeem all the RSLs at RM1.000 per RSL. The RSLs were issued in May 2019 for a maturity period of 2 years, expiring in May 2021. The RSLs were issued to raise funds to provide working capital for our Group's operations. This includes working capital to pay for software and services to principals and vendors as part of our Group's cost of sales and for operating costs. The redemption of the RSLs is expected to result in interest savings of RM1.00 million per annum based on the coupon rate of 10% per annum.

⁵ The estimated expenses in relation to the Proposals amount to approximately RM0.90 million. The proceeds earmarked for estimated expenses will be utilised as set out below:-

	RM'000
Professional fees (i.e. adviser, lawyer and placement agent) and placement fees	540
Regulatory fees	140
Other incidental expenses in relation to the Proposals	220
Total	<u>900</u>

If the actual expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than budgeted, the excess will be utilised for working capital purposes.

The actual gross proceeds to be raised from the Proposed Rights Issue with Warrants is dependent on the total number of issued shares of our Company on the Entitlement Date and the eventual subscription rate of the Rights Shares.

Pending utilisation of proceeds from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used to fund our Group's working capital requirement.

Any variance to the total gross proceeds raised from the Proposed Rights Issue with Warrants will be adjusted against the proceeds earmarked for working capital.

The exact quantum of proceeds that may be raised from the exercise of the Warrants will depend upon the actual number of Warrants as and when exercised during the tenure of the Warrants as well as the exercise price of the Warrants to be fixed. As such, the exact timeframe for utilisation of such proceeds arising from the exercise of the Warrants is not determinable at this juncture. Such proceeds raised shall be utilised to fund our Group's working capital requirements, which include mainly payment for the software and services to the principals, third party service providers (e.g. equipment and software suppliers other than the principals and content providers), training program costs such as trainers fees and tools, staff cost such as salaries, statutory contributions and benefits, finance costs and other operating costs (e.g. marketing expenses, equipment rental, licence fees for software and hardware for internal use, fees for professional services, upkeep of properties, utilities and other administrative expenses). As highlighted above, the exact allocation of proceeds to be utilised to pay for these expenses can only be determined at a later stage.

For the avoidance of doubt, the actual gross proceeds to be raised from the Proposed Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued.

5.2 Proposed LTIP

Our Company will receive proceeds pursuant to the exercise of the ESOS Options by the Eligible Persons. However, the actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the ESOS Options.

The proceeds arising from the exercise of the ESOS Options will be utilised for the working capital requirements to fund our Group's day-to-day operations to support the existing business operations. The exact breakdown for utilisation of such proceeds arising from the exercise of the ESOS Options is not determinable at this juncture and will depend on the actual amount of proceeds and the timing of such proceeds are received as compared to the operational requirement at that point in time. Based on the existing cost structure of our Group's operation, it is envisaged that approximately 80% of the proceeds will be utilised to pay for trade payables that include the software and services to principals and third party service providers whilst the remaining 20% of the proceeds will be utilised to pay for general administrative expenses such as staff costs, finance costs and other operating expenses. Our Company expects to utilise the proceeds for the said working capital requirements within a period of 12 months, as and when the proceeds are received throughout the tenure of the Proposed LTIP.

Our Company will not receive any proceeds pursuant to the Proposed SGP as the SGP Participants will not be required to pay for the new Shares to be issued and allotted to them and/ or the existing Shares to be transferred to them pursuant to the SGP Award(s).

Pending utilisation of proceeds raised as and when the ESOS Options are exercised, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used to fund our Group's working capital requirement.

6. FUND RAISING EXERCISES IN THE PAST 12 MONTHS

For shareholders' information, on 21 January 2020, our Company had announced the private placement of up to 48,230,100 new Prestariang Shares, representing not more than 10% of the total number of issued shares of our Company. On 23 June 2020, a total of 48,230,100 Shares were placed out at the issue price of RM0.296 per Share, which raised gross proceeds of approximately RM14.28 million ("**Private Placement I**").

The Private Placement I was completed on 23 June 2020 and the utilisation of proceeds raised from the Private Placement I as at the LPD are set out below:-

Proposed utilisation	Amount raised RM'000	Amount utilised as at the LPD RM'000	Amount unutilised as at the LPD RM'000
Working capital ^{*1}	7,646	7,646	-
Repayment of bank borrowings ^{*2}	6,000	6,000	-
Defrayment of expenses related to the Private Placement I ^{*3}	630	247	383
Total estimated proceeds	14,276	13,893	383

Notes:-

^{*1} Our Group has utilised approximately RM7.65 million for the payment of trade creditors pertaining to our Group's information and communications technology services and distribution business, staff costs and office related expenses.

² Our Company has utilised approximately RM6.00 million of the proceeds to repay the principal of its overdraft facility with an effective interest rate of 7.95% per annum. As a result of the repayment, our Group is able to enjoy gross interest savings of approximately RM0.48 million per annum.

³ The expenses related to the Private Placement I include payment of fees to the relevant authorities, advisory and placement fees. The excess amount after defrayment of expenses related to the Private Placement I will be utilised for working capital.

Save for the Private Placement I, our Company had not undertaken any other fund raising exercises in the past 12 months up to the LPD.

7. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

7.1 Proposed Private Placement with Warrants

The Proposed Private Placement with Warrants, through the execution of the Subscription Agreement with Dr. Abu, enables our Company to secure additional funds for the purpose of strengthening our Group's capital structure and meet its working capital requirement with equity funding. This will build a more robust capital structure and prepare our Company for the challenging times amidst the global economic slowdown triggered by Covid-19 pandemic.

It also serves as an additional remedial effort undertaken by our Company to address our Group's working capital needs and going concern issues raised by the auditors in the Independent Auditors' Report in our Group's Audited Financial Statements for the FPE 30 June 2019. Such fund raising will form part of larger strategy articulated at the 9th Annual General Meeting of our Company held on 27 November 2019 and the subsequent announcements made by our Company.

As highlighted in Section 5 of this Circular, the Proposed Private Placement with Warrants is expected to raise approximately RM27.85 million for the purpose of amongst others, to support our Group's software license business and to finance our Group's business expansion plans, without having to incur additional borrowings and related interest expenses. This allows our Group to preserve cash flow for operational purposes and to reduce gearing level and risk.

In addition, as highlighted in Section 2.3 of this Circular, by fixing the issue price upfront and executing the Subscription Agreement, Dr Abu will anchor the proposed fund raising as he will inject approximately RM27.85 million, which represents approximately 73.30% (Minimum Scenario) and 44.06% (Maximum Scenario) of the indicative gross proceeds to be raised from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants. The funds will be received within 5 Market Days into a designated Escrow Account after the EGM of our Company to be convened, subject to obtaining shareholders' approval for the Proposals.

Upon completion of the Proposed Private Placement with Warrants, the enlarged capital base is also expected to further strengthen the balance sheet position of our Company. The Proposed Private Placement with Warrants will enable our Group to restore and strengthen its equity capital whilst rebuilding a stable footing for our Group's business following the termination of the SKIN contract.

7.2 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants is undertaken to raise proceeds to be utilised in the manner as set out in Section 5 of this Circular. After due consideration of the various options available as well as the capital structure of our Company, our Board is of the opinion that the Proposed Rights Issue with Warrants is the most appropriate means of raising funds for the following reasons:-

- i. The Proposed Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Shares; and
- ii. The Proposed Rights Issue with Warrants will strengthen our Group's financial position with enhanced shareholders' funds and reduced gearing level as compared to bank borrowings which are expected to facilitate the continuous long-term growth and expansion plans of our Group.

Further, the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants are expected to provide an incentive to the Entitled Shareholders to subscribe for the Rights Shares. The Warrants will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants and increase their equity participation in our Company at a pre-determined price over the tenure of the Warrants. Our Company would also be able to raise additional proceeds as and when the Warrants are exercised.

7.3 Proposed LTIP

The implementation of the Proposed LTIP primarily serves to align the interests of the Eligible Persons to the corporate goals of our Group. The Proposed LTIP will provide the Eligible Persons with an opportunity to have equity participation in our Company and help achieve the objectives as set out below:-

- i. To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of our Group;
- ii. To reward the Eligible Persons by allowing them to participate in our Group's profitability and eventually realise any capital gains arising from appreciation in the value of our Company's shares;
- iii. To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- iv. To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of our Company; and
- v. To possibly retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level.

The Proposed LTIP is also extended to Prestariang's subsidiary companies, which are not dormant, in recognition of their contributions towards the growth and performance of our Group.

In addition, the Proposed LTIP (save for the Proposed SGP) will also be extended to Non-Executive Directors of our Company in recognition of their contributions towards the growth and performance of our Group. Notwithstanding that the Non-Executive Directors of our Company are not involved in the day-to-day business operations of our Group, they are often consulted on various matters relating to governance and matters pertaining to the future business direction of our Group. Therefore, the extension of the Proposed LTIP (save for the Proposed SGP) to the Non-Executive Directors of our Group is to incentivise the Non-Executive Directors of our Group to continue providing strategic insight and direction to our Group.

7.4 Adequacy of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants in addressing our Group's financial concerns

Similar to the fundraising objectives of Private Placement I which was announced by our Group in January 2020 and was successfully completed in June 2020, the proceeds from the current fund raising exercises (i.e. the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) are primarily earmarked to fund our Group's medium term capital requirements to enable our Group to continue its operation as well as with further expansion of its business without the risk of potential disruptions particularly for our Group's ICT Services and Distribution segment. This would enable our Group to continuously deliver orders to clients more efficiently and in timely manner whilst allowing our Group to focus on, amongst others, the following strategic initiatives to enhance our Group's long term business prospects and financial performance:-

- i. Collaboration with other international technology players with the primary objective to expand our Group's product and service offerings to its customers;
- ii. Development and expansion of additional product and service offerings to existing customers; and
- iii. Expansion of project pipeline through replication of existing projects to other relevant customers.

As at 30 June 2020, our Group has a net working capital of RM116.41 million computed as follows:-

	Audited 30 June 2019 RM'000	Unaudited 30 June 2020 RM'000
Current Assets	234,780 ^{*1}	252,680 ^{*1}
Less: Current liabilities	124,004	136,273
Net working capital	110,776	116,407

Note:-

^{*1} This include an amount of RM175,460,000 recognised in our accounts as receivables from the Government of Malaysia in relation to the development of the SKIN project which form part of the trade receivables of our Group.

The current fund raising exercises will allow our Group to bridge the timing differences between the collection from its trade debtors and payment to its trade creditors via a blend of equity capital and debt instead of purely funding its additional working capital needs via debt which may be challenging and costly for our Group to obtain given the current domestic and international economic condition.

Premised on the above, our Board is of the view that the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants are the most appropriate avenue of fundraising at this juncture to raise funds promptly to address our Group's medium term capital adequacy and maintain a good balance between debt and equity funding of its working capital. This would, in turn, facilitate the generation of long term financial benefits to our Group in the form of stronger top line and improved margins.

7.5 Expected value creation and the impact of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants on our Company and its shareholders

As highlighted in Section 5 of this Circular, the current fund raising exercises (i.e. the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) will allow our Group to address its medium term capital requirements to enable our Group to continue its operation as well as with further expansion of its business without the risk of potential disruptions particularly for our Group's ICT Services and Distribution segment, which in turn facilitates the value creation to our Group and our shareholders. In particular, the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants will allow our Group to achieve the said objectives with less reliance on financing facilities. This will also help reduce the financial cost to our Group, which has been escalating in the recent quarters. Further, the abovementioned fund-raising exercises will assist our Company in the expansion of its business and the offering of new products and services, details of which are set out in Section 5 of this Circular.

The effects of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants on the issued share capital, substantial shareholding structure, the NA and gearing, earnings and EPS of our Group are disclosed in Section 9 of this Circular.

Pursuant to the implementation of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants, our Group is expected to raise minimum gross proceeds of RM38.00 million under the Minimum Scenario and maximum gross proceeds of RM63.22 million under the Maximum Scenario, which is expected to result in the following effects:-

	Audited as at 30 June 2019	Subsequent adjustments up to the LPD ^{*1}	After the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants	
			Minimum Scenario ^{*2}	Maximum Scenario ^{*3}
Issued share capital (excluding treasury shares)	RM116,333,654 comprising 482,301,500 Shares	RM130,610,410 comprising 530,531,600 Shares	RM159,683,383 comprising 660,843,473 Shares	RM176,267,075 comprising 786,955,206 Shares
Current assets	RM234.78 million	RM249.06 million	RM287.06 million	RM312.28 million
Current liabilities	RM124.00 million	RM124.00 million	RM124.00 million	RM124.00 million
Current ratio	1.89 times	2.00 times	2.32 times	2.52 times
NA	RM108.44 million	RM122.71 million	RM159.81 million ^{*4}	RM185.04 million ^{*4}
Total equity	RM120.15 million	RM134.42 million	RM171.52 million ^{*4}	RM196.75 million ^{*4}
NA per Share (RM)	0.22	0.23	0.24	0.24
Gearing ratio (times)	0.53	0.47	0.37	0.27

Notes:-

^{*1} On 23 June 2020, a total of 48,230,100 Shares were placed out at the issue price of RM0.296 per Share, which raised gross proceeds of approximately RM14.28 million, pursuant to the Private Placement I.

^{*2} Based on RM38.00 million in gross proceeds raised from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants under the Minimum Scenario.

^{*3} Based on RM63.22 million in gross proceeds raised from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants under the Maximum Scenario.

^{*4} After deducting the estimated expenses of RM0.90 million in relation to the Proposals.

The Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants which is expected to be completed in the fourth quarter of 2020, are not expected to have any material effect on the earnings of our Group for the FYE 30 June 2021. However, there will be a dilutive effect on the EPS of our Group for the FYE 30 June 2021 due to the increase in the number of Shares arising from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants and as and when the Warrants are exercised into new Shares during the tenure of the Warrants. Notwithstanding that, the proceeds from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants is expected to contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

8. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

8.1 Overview and outlook of the Malaysian economy

For 2019 as a whole, the Malaysian economy expanded by 4.3% (2018: 4.7%).

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2019, Bank Negara Malaysia)

The Malaysian economy registered a lower growth of 0.7% in the first quarter of 2020, which was the lowest growth since 3Q 2009 of -1.1%, reflecting the early impact of measures taken both globally and domestically to contain the spread of the Covid-19 pandemic, including the introduction of the MCO in Malaysia. On the supply side, the services and manufacturing sectors moderated, while the other sectors contracted. From the expenditure side, domestic demand moderated, while exports of goods and services recorded a sharper decline. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 2.0%.

Following 2 months of steady expansion, economic activity experienced a sharp downshift in March as a result of the MCO. This was evidenced by the decline in the Industrial Production Index and Index of Wholesale and Retail Trade which recorded an average growth of 3.4% and 5.5%, respectively, over January and February before contracting to -4.9% and -6.1% in March (1Q 2020: 0.4% and 1.5%, respectively). The MCO comprised government closure of schools, universities and non-essential services, border closures and restrictions on public movement, work and operating hours, as well as mandatory social distancing and personal protection measures. Essential services include telecommunications, finance, production and the provision of food supplies, healthcare, utilities, electrical and electronics, as well as selected industries in the primary and consumer clusters in the manufacturing sector. Sectors which were more labour intensive and require face-to-face interaction were more impacted by the MCO. In particular, construction activity was completely prohibited during the MCO phase. In contrast, the production capacity in industries which were more capital intensive, such as mining and the electrical and electronics manufacturing subsector, were affected to a lesser extent. The MCO also led to weaker private sector activity given mobility restrictions, closures of non-essential services, such as retail subsectors, and a temporary halt in ongoing investments

Domestic demand registered a modest growth of 3.7% in the first quarter of 2020 (4Q 2019: 4.8%), due mainly to weaker capital spending by both the private and public sectors. The subdued investment activity was mainly attributable to the containment measures undertaken by authorities both globally and domestically. Domestic demand was also affected by weaker consumer sentiments and business confidence, given the heightened uncertainty surrounding Covid-19. In addition, net exports performance was also a large drag to growth during the quarter. Nonetheless, growth was supported by continued expansion in private and public consumption.

During the first quarter, private consumption growth moderated to 6.7% (4Q 2019: 8.1%). In January and February, retail and financing data indicated continued strength in consumption spending growth. The MCO in the second half of March affected spending to some extent, but mainly for big-ticket and leisure-related items such as car purchases and recreational services. Amid soft labour market conditions, stimulus measures such as bringing forward the Bantuan Sara Hidup disbursement from the second quarter to March, and the cut in the Overnight Policy Rate particularly in January provided important support to spending. The availability of online delivery platforms also cushioned the impact of movement restrictions. Public consumption expanded at a faster pace of 5.0% (4Q 2019: 1.3%), supported by higher spending on both emoluments and supplies and services.

Gross fixed capital formation registered a larger contraction of 4.6% (4Q 2019: -0.7%), weighed by lower capital spending from both the private and public sectors. This reflected weaker global demand conditions and disruptions to supply chains, which led to slower progress in capital spending. Furthermore, ongoing investment projects were temporarily halted during the MCO. By type of assets, the weakness was broad-based, as investment in structures as well as machinery and equipment declined by 4.0% (4Q 2019: 0.1%) and 6.2% (4Q 2019: -2.6%), respectively. Private investment growth registered its first contraction of -2.3%, since the fourth quarter of 2010 (4Q 2019: 4.3%), as subdued external conditions and heightened uncertainty affected business sentiments and investment intentions. In addition, the MCO had resulted in some disruption to ongoing construction projects and delivery of machinery and equipment. Public investment recorded a larger decline of 11.3% (4Q 2019: -8.0%). This was due to a larger contraction in capital spending by both general government and public corporations during the quarter.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, Bank Negara Malaysia)

Against a highly challenging global economic outlook, Malaysia's gross domestic product growth is projected to be between -2.0 to 0.5% in 2020. The domestic economy will be impacted by the necessary global and domestic actions taken to contain the Covid-19 outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the MCO, while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

Given the significant headwinds to growth arising from Covid-19, the Government and have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic. 2 economic stimulus packages amounting to RM250 billion were introduced to provide immediate relief to affected households and businesses. These packages also include loan guarantees and an automatic 6-month moratorium on loan repayments for individuals and small and medium enterprises. The economic stimulus measures were complemented by 2 consecutive Overnight Policy Rate reductions early this year and measures to provide additional liquidity in the banking system.

Private consumption is expected to be dampened by weak labour market conditions, mobility restrictions and subdued sentiments. Nonetheless, policy measures introduced in the 2 economic stimulus packages, including cash transfers to vulnerable households, flexibility to withdraw from Employees Provident Fund savings and the moratorium on loan repayments will increase disposable income and improve cash flow for households. In addition to supporting household spending, these broad-based measures will facilitate a gradual recovery in private consumption as labour market conditions eventually stabilise following the projected improvement in global and domestic economic activities.

Domestic growth prospects are expected to improve towards the end of the year, in line with the projected recovery in global demand and amid continued support from policy measures. Recovering external demand will lift growth in the export-oriented sectors. Consumer sentiments are also expected to gradually improve following the easing of travel restrictions and resumption of tourism activities as risks from the pandemic subside. In addition, the anticipated recovery from supply disruptions in the commodities sector and higher public sector expenditure will support the gradual improvement in the Malaysian economy in the latter part of the year. Public sector spending will be underpinned by the continuation of large-scale transport-related projects by public corporations and the implementation of more small-scale projects worth RM4 billion by the Federal Government.

Overall risks to the domestic growth outlook are tilted to the downside, mainly due to the risk of a prolonged and wider spread of Covid-19 and its effects on the global and domestic economy. Domestic growth also remains susceptible to a recurrence of commodities supply shocks and continued low commodity prices which could pose additional risks to production in the commodities sector, exports and income growth. In addition, heightened financial market volatility due to ongoing external uncertainties may lead to tighter domestic financial market conditions. The baseline growth projection could, however, be lifted by a stronger-than-expected impact from the various stimulus measures by the Federal Government and additional measures implemented by several state governments.

(Source: Executive Summary, Economic and Monetary Review 2019, Bank Negara Malaysia)

8.2 Overview and outlook of the ICT industry in Malaysia

The ICT Industry in Malaysia continues to grow in size and distribution to the economy, albeit at a pace slower than the desired rate to reach 20.0% of national gross domestic product (GDP) by 2020. According to PIKOM's projections, this figure should reach 18.6% in 2018, 18.8% in 2019 and potentially pass the 20.0% milestone only in 2022.

(Source: ICT Industry Outlook in Malaysia 2019, PIKOM, The National Tech Association of Malaysia)

The services sector expanded by 6.1% (2018: 6.8%), as growth normalised following a robust performance in 2018, when the tax holiday period encouraged greater consumer spending. Growth in the wholesale and retail trade as well as food, beverages and accommodation subsectors remained firm, lifted by firm household spending amid supportive labour market conditions. The transport and storage subsector benefitted from higher transshipment activity, despite being partially offset by slower global trade activity. Growth in the finance and insurance subsector moderated amid slower loan and deposit growth. However, this was partially mitigated by the rebound in the fee-based income as a result of more IPO offerings during the year. Growth in the information and communication subsector moderated (2019: 6.6%), following the one-off price reduction in fixed broadband prices under the Mandatory Standard Access Pricing regulation in 2018.

(Source: Economic, Monetary and Financial Developments in 2019, Economic and Monetary Review 2019, Bank Negara Malaysia)

The services sector moderated to 3.1% in 1Q 2020 (4Q 2019: 6.2%), the slowest growth since 2Q 2009. The sector was affected by the Covid-19 pandemic, particularly the tourism-related and non-food retail subsectors. The implementation of the MCO substantially affected business activity, tourism and consumer spending. This led to a sharp slowdown in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. International and domestic travel restrictions significantly impacted the transport and storage sub-sector, with passenger air travel in particular, grinding almost to a complete halt during the MCO.

Growth in the finance and insurance subsector was supported by sustained financing and higher net insurance premium. Meanwhile, continued demand for data communication services during the MCO period contributed to the growth in the information and communication subsector for the first quarter of 2020.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, Bank Negara Malaysia)

In the first quarter of 2020, the services sector expanded 3.1% mainly supported by wholesale and retail trade (2.1%); information and communication (6.7%); as well as finance and insurance (4.9%).

(Source: Malaysian Economy First Quarter 2020, Ministry of Finance Malaysia)

The 2020 budget demonstrates that the local technology industry is continuing to get much attention from the government, which is intent on further boosting the capabilities of local SMEs and start-ups, strengthening digital content, embracing digitisation, enhancing e-commerce, and adopting 5G technology. The association representing the ICT industry in Malaysia (i.e. the National Tech Association of Malaysia) says the budget puts various short, medium and long-term goals in realistic perspective, and paves the way for the unfolding of the Shared Prosperity Vision 2030. The digital transformation agenda for Malaysia continues to be a major catalytic driver for the nation's economy.

The budget emphasises a shared responsibility to ensure that the fruits of development are distributed at each stage of the value chain and to the rakyat at large. Malaysia is poised to be a digital-first economy with a robust digital and social infrastructure that works towards bridging the opportunity divide in our journey to become a high-income nation. The core measure undertaken in the budget will help further fuel the digital economy, drive growth for SMEs and enterprises, enhance workforce skills development, as well as allowing education access for all. Among the key thrust areas in the 2020 Budget is to fortify the digital economy with efforts to improve the physical and digital infrastructure that powers up the Industrial Revolution 4.0.

With digital transformation set to contribute 10 billion US Dollars to Malaysia's gross domestic product by 2021, the government's move to enhance our nation's digital infrastructure is undoubtedly a step forward towards a stronger, more resilient economy. These efforts will help cement Malaysia's position as a tech powerhouse in the region, drawing in more investments from foreign companies, whilst also creating more job opportunities for Malaysians. Budget 2020 exemplifies the government's continued resolve to build the necessary foundation for Malaysians to capture the full potential of the Industrial Revolution 4.0.

(Source: Press article entitled "2020 Budget; A boost Malaysias tech industry", '14 October 2019, <https://www.nst.com.my/>)

The ICT market in Malaysia is set to grow at a compound annual growth rate (CAGR) of 8.9% between 2019 and 2023. Further, the Malaysian Government's initiative to create a hub for innovative producers and users of multimedia technology with Mandatory Standard for Access Pricing (MSAP) is paving the way for the availability of affordable high-speed Internet services and the emergence of a mature telecommunications infrastructure in the country. As a result, Malaysia is set to witness a relatively high broadband penetration as compared to other peer Asian countries. Manufacturing in Malaysia continues to be the most significant revenue contributing sector, with its revenue contribution to the overall ICT spending expected to marginally increase from 18.4% to 18.5% of the total ICT revenues in period (2018-2023). The growth of ICT in Malaysia, especially in the manufacturing sector, has been further aided by government-enacted policies such as 'Industry4WRD', a national policy which aims to transform the manufacturing sector and related services within the period from 2018 to 2025. These policies are expected to lead to a mature digitalization of the Malaysian market. It was noted that the Malaysian ICT's market boasts of strong fundamental government policy, high-tech focused national development and availability of skilled workers, which has further contributed to the growth of the industry in the country. Additionally, the high levels of digital adoption and internet penetration will continue to drive the ICT market in Malaysia.

(Source: Article entitled "Malaysia's ICT spending to reach US\$25 billion in 2023", 23 March 2020, <https://opengovasia.com/>)

8.3 Future prospects of our Group

Since our establishment, our Group has successfully leveraged on the synergy offered by software license distribution & management together with training & certification to develop a value chain encompassing human capital in the industry. In expanding our business model, we have added the business segments of Education, through UNIMY and Talent which we refer to this as 'Prestariang 2.0'.

Over the years, the software segment has evolved from its original distribution and management of software licences to encompass software asset management as well as the provision of cloud products and related services. Beyond the public sector, our Group is poised to extend the software asset management service offerings to the private sector. This remains largely untapped and offers significant opportunities in the areas of licensing compliance and subscription for managed services. In the case of cloud related products and services, we are prioritising partnerships with global tech players to encourage traction and accelerate adoption by our clients.

In 2017 we entered into a concession agreement with the Government of Malaysia to develop and operate a comprehensive core immigration system (i.e. the SKIN project), over a 15 year concession period. This project was intended to be the catalyst for developing such internal capabilities as cloud services, change management, analytics & business intelligence, cyber & information security, e-commerce and others. However, the unilateral termination of the SKIN project by the Government of Malaysia in December 2018 has negatively impacted business in terms of its development and growth.

Following the above, we have embarked on a rebuilding and recovery business plan since December 2018 encompassing a rationalisation plan that includes among others, cost cutting measures, divestment of non-core assets, and equity fund raising, to further strengthen our capital structure, improve our Group's cash flow and to increase our working capital. Some of the measures taken to reduce operating costs have been implemented, while our plan to divest assets and raise equity funds has made progress with the recent private placement in June of this years and this proposal. At this juncture, our Group remains focused on the Software & Services and Talent Management Services sector which have been and continue to remain as the core driver for future revenue and profit growth.

Further, as part of our Group's rationalisation plan to improve our cash flow and increase the working capital for business expansion, our Group, had on 25 February 2020, announced the proposed disposal of the entire equity interest in Prestariang Education Sdn Bhd (which currently owns and operates, UNIMY) for a cash consideration of RM2.50 million. The proposed disposal of Prestariang Education Sdn Bhd is still in progress and is expected to be completed by the fourth quarter of this year. In addition, we have disposed our entire equity interest in Open Learning Ltd in December 2019 and June 2020, raising total gross cash proceeds of RM7.80 million. On the other hand, other efforts to monetise our other non-core assets, such as properties, are still ongoing.

In relation to equity fund raising, we have completed Private Placement I which raised gross proceeds of RM14.30 million in June 2020. These proceeds, together with the proceeds from asset divestments highlighted above, have been mainly utilised as working capital to stabilise our Software & Services and Talent business segment.

On the business front, though our cash flow for the FYE 30 June 2020 showed a negative RM18.59 million, it was attributed to the twin effect of increased trade debtors arising from the surge in sales in the month of June and reduction in trade payables following the improved working capital position of our Group. Nevertheless, our overall net cash flow for the year after including cash flow from operations, investing and financing activities was still positive with an increase in cash and cash equivalent of RM3.39 million. We expect our cash flow position to remain robust as our receivables have started to normalise with a significant portion being collected in July and August 2020. The software & services business segment continues to be profitable with profit before tax and finance cost of RM9.12 million for the FYE 30 June 2020. This segment is expected to continue to underpin the performance of our Group with ongoing sustainable key projects at hand including MLA 3.0 and Adobe.

Moving forward, we will leverage on our experience and market knowledge to focus on growing the software & services and talent business segment including investing in services platform and software as a service to be our key growth area. With Malaysia moving towards Industrial Revolution 4.0 and push for higher business productivity solutions, cloud-based services is expected to see robust growth in the medium and long-term. Our Group is in a good position to capitalise on the task of meeting the market requirement for cloud-based services and talent management services to spearhead our business growth.

Premised on the above, our Group's prospect for the FYE 30 June 2021 is expected to continue to be stable and our Board is confident that our outlook will remain positive.

(Source: Management of Prestariang)

9. EFFECTS OF THE PROPOSALS

As highlighted in Section 3.1 of this Circular, for the purpose of implementing the Proposed Rights Issue with Warrants, our Board has undertaken to ensure that our Company shall not purchase/ sell/ cancel/ distribute any Prestariang Shares currently held as treasury shares pursuant to our Company's share buy-back program until the completion of the Proposed Rights Issue with Warrants. As such, the treasury shares will be retained under the Minimum and Maximum Scenario.

9.1 Issued share capital

The Proposed LTIP will not have any immediate effect on the existing issued share capital of our Company until such time new Shares are issued pursuant to the Proposed LTIP. The issued share capital of our Company may increase progressively depending on the number of new Shares to be issued arising from the exercise of the ESOS Options that may be granted under the Proposed ESOS and/ or pursuant to the vesting of the new Shares under the SGP Award(s). However, if existing Shares are to be transferred vide treasury shares to Eligible Persons pursuant to the Proposed LTIP, there will be no effect on the issued share capital of our Company.

The pro forma effects of the Proposals on the issued share capital of our Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	532,230,100	133,976,756	532,230,100	133,976,756
Less: Treasury shares, at cost	(1,698,500)	(3,366,346)	(1,698,500)	(3,366,346)
	530,531,600	130,610,410	530,531,600	130,610,410
Placement Shares to be issued pursuant to the Proposed Private Placement with Warrants	79,579,740	22,401,697 ^{*1}	79,579,740	22,401,697 ^{*1}
Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants	50,732,133	6,671,276 ^{*2}	176,843,866	23,254,968 ^{*2}
	660,843,473	159,683,383	786,955,206	176,267,075
Assuming full exercise of Warrants	130,311,873	50,170,071 ^{*3}	256,423,606	98,723,088 ^{*3}
Reversal warrants reserve	-	8,926,363 ^{*4}	-	17,565,017 ^{*4}
	791,155,346	218,779,817	1,043,378,812	292,555,180
Shares to be issued pursuant to the Proposed LTIP	118,673,301 ^{*5}	41,535,655 ^{*6}	156,506,821 ^{*5}	54,777,387 ^{*6}
Enlarged issued share capital	909,828,647	260,315,472	1,199,885,633	347,332,567

Notes:-

^{*1} Computed based on the issue price of RM0.350 per Placement Share and adjusted for the apportionment of its relative fair value for 79,579,740 Warrants at RM0.0685 per Warrant between the share capital account and the warrants reserve account.

^{*2} Computed based on the issue price of RM0.200 per Rights Share and adjusted for the apportionment of its relative fair value for 50,732,133 Warrants (Minimum Scenario) and 176,843,866 Warrants (Maximum Scenario) at RM0.0685 per Warrant between the share capital account and the warrants reserve account.

^{*3} Computed based on the exercise price of RM0.385 per Warrant.

^{*4} Computed based on the number of Warrants (issued under the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) multiplied by the theoretical fair value of RM0.0685 per Warrant.

^{*5} Computed based on 15% of the total number of issued Shares (excluding treasury shares, where applicable) after full exercise of the Warrants. For the avoidance of doubt, the maximum number of Shares which may be made available pursuant to the Proposed LTIP shall not exceed 15% of the total number of issued shares of our Company (excluding treasury shares) at any point of time during the tenure of the Proposed LTIP.

⁶ Assuming the ESOS Options are exercised into new Shares at the indicative exercise price of RM0.350, which represents a discount of approximately 9.09% to the TERP of the Shares of RM0.385, calculated based on the 5-day VWAMP of Prestariang Shares up to and including the Announcement LPD of RM0.446.

9.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of our Group as at 30 June 2019, the pro forma effects of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants on the NA per Share and gearing of our Group are set out as follows:-

Minimum Scenario

		I	II	III	IV
	Audited as at 30 June 2019 RM'000	Subsequent adjustments up to the LPD ^{*1} RM'000	After I and the Proposed Private Placement with Warrants RM'000	After II and the Proposed Rights Issue with Warrants RM'000	After III and assuming all Warrants are exercised RM'000
Share capital	119,700	133,976	156,378 ^{*2}	163,049 ^{*3}	222,145 ^{*5}
Treasury shares	(3,366)	(3,366)	(3,366)	(3,366)	(3,366)
Merger deficit	(10,800)	(10,800)	(10,800)	(10,800)	(10,800)
Fair value reserve	(7,630)	(7,630)	(7,630)	(7,630)	(7,630)
Warrant reserve	-	-	5,451 ^{*2}	8,926 ^{*3}	- ^{*5}
Retained profit	10,534	10,534	10,534	9,634 ^{*4}	9,634
Shareholders' fund/ NA	108,438	122,714	150,567	159,813	209,983
Non- controlling interest	11,711	11,711	11,711	11,711	11,711
Total equity	120,149	134,425	162,278	171,524	221,694
No. of Shares in issue	482,301,500	530,531,600	610,111,340 ^{*2}	660,843,473 ^{*3}	791,155,346 ^{*5}
NA per Share (RM)	0.22	0.23	0.25	0.24	0.27
Total borrowings	63,521	63,521	63,521	63,521	63,521
Gearing ratio (times)	0.53	0.47	0.39	0.37	0.29

Notes:-

^{*1} On 23 June 2020, a total of 48,230,100 Shares were placed out at the issue price of RM0.296 per Share, which raised gross proceeds of approximately RM14.28 million, pursuant to the Private Placement I.

^{*2} Computed based on 79,579,740 Placement Shares are issued at the issue price of RM0.350 per Placement Share pursuant to the Proposed Private Placement with Warrants and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 79,579,740 Warrants at the theoretical fair value of RM0.0685 per Warrant based on the trinomial option pricing model as extracted from Bloomberg.

^{*3} Computed based on the Undertaking Shareholders' subscription of 50,732,133 Rights Shares at the issue price of RM0.200 per Rights Share under the Minimum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 50,732,133 Warrants at the theoretical fair value of RM0.0685 per Warrant based on the trinomial option pricing model as extracted from Bloomberg.

^{*4} After deducting the estimated expenses of RM0.90 million in relation to the Proposals.

⁵ Assuming all 130,311,873 Warrants (issued under the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) are exercised at the exercise price of RM0.385 per Warrant under the Minimum Scenario and the corresponding partial reversal of the warrant reserve to share capital.

Maximum Scenario

		I	II	III	IV
	Audited as at 30 June 2019 RM'000	Subsequent adjustments up to the LPD ^{*1} RM'000	After I and the Proposed Private Placement with Warrants RM'000	After II and the Proposed Rights Issue with Warrants RM'000	After III and assuming all Warrants are exercised RM'000
Share capital	119,700	133,976	156,378 ^{*2}	179,633 ^{*3}	295,921 ^{*5}
Treasury shares	(3,366)	(3,366)	(3,366)	(3,366)	(3,366)
Merger deficit	(10,800)	(10,800)	(10,800)	(10,800)	(10,800)
Fair value reserve	(7,630)	(7,630)	(7,630)	(7,630)	(7,630)
Warrant reserve	-	-	5,451 ^{*2}	17,565 ^{*3}	- ^{*5}
Retained profit	10,534	10,534	10,534	9,634 ^{*4}	9,634
Shareholders' fund/ NA	108,438	122,714	150,567	185,036	283,759
Non- controlling interest	11,711	11,711	11,711	11,711	11,711
Total equity	120,149	134,425	162,278	196,747	295,470
No. of Shares in issue	482,301,500	530,531,600	610,111,340 ^{*2}	786,955,206 ^{*3}	1,043,378,812 ^{*5}
NA per Share (RM)	0.22	0.23	0.25	0.24	0.27
Total borrowings	63,521	63,521	63,521	53,521 ^{*6}	53,521
Gearing ratio (times)	0.53	0.47	0.39	0.27	0.18

Notes:-

^{*1} On 23 June 2020, a total of 48,230,100 Shares were placed out at the issue price of RM0.296 per Share, which raised gross proceeds of approximately RM14.28 million, pursuant to the Private Placement I.

^{*2} Computed based on 79,579,740 Placement Shares are issued at the issue price of RM0.350 per Placement Share pursuant to the Proposed Private Placement with Warrants and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 79,579,740 Warrants at the theoretical fair value of RM0.0685 per Warrant based on the trinomial option pricing model as extracted from Bloomberg.

^{*3} Computed based on the Entitled Shareholders' subscription of 176,843,866 Rights Shares at the issue price of RM0.200 per Rights Share under the Maximum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 176,843,866 Warrants at the theoretical fair value of RM0.0685 per Warrant based on the trinomial option pricing model as extracted from Bloomberg.

^{*4} After deducting the estimated expenses of RM0.90 million in relation to the Proposals.

^{*5} Assuming all 256,423,606 Warrants (issued under the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants) are exercised at the exercise price of RM0.385 per Warrant under the Maximum Scenario and the reversal of the warrant reserve to share capital.

^{*6} After deducting the full redemption of the 10,000,000 RSLs at RM1 per RSLs under the Maximum Scenario as highlighted under Section 5 of this Circular.

Pursuant to the Proposed LTIP, save for the potential impact of MFRS 2, on "Share-Based Payment" issued by the Malaysian Accounting Standards Board, as elaborated in Section 9.3 of this Circular, the Proposed LTIP is not expected to have any immediate effect on the NA, NA per Share and gearing of our Group until such time new Shares are issued. Any potential effect on the NA, NA per Share and gearing of our Group in the future will depend on factors such as the actual number of Shares to be issued which can only be determined at the point of the exercise of the ESOS Options and option price and/ or the vesting of the SGP Award(s).

Upon vesting of the SGP Award(s) and/ or exercise of the ESOS Options pursuant to the Proposed LTIP, the NA per Share of our Group is expected to:-

- i. Increase if the exercise price of the ESOS Options or the fair value of the SGP Award(s) is higher than the NA per Share of our Group; or
- ii. Decrease if the exercise price of the ESOS Options or the fair value of the SGP Award(s) is lower than the NA per Share of our Group,

at such point of exercise and/ or vesting.

9.3 Earnings and EPS

The Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants which is expected to be completed in the fourth quarter of 2020, are not expected to have any material effect on the earnings of our Group for the FYE 30 June 2021. However, there will be a dilutive effect on the EPS of our Group for the FYE 30 June 2021 due to the increase in the number of Shares arising from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants and as and when the Warrants are exercised into new Shares during the tenure of the Warrants. Notwithstanding that, the proceeds from the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants is expected to contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

The Proposed LTIP may have an effect on the earnings of our Group for the FYE 30 June 2021 and throughout the duration of the Proposed LTIP upon implementation due to possible impact of the MFRS 2 on share-based payment. However, any potential effect on the EPS of our Group in the future would depend on the number of ESOS Options granted and exercised, and the subscription price payable upon the exercise of the ESOS Options under the Proposed ESOS and the number of Shares granted under the Proposed SGP, as well as the earnings impact of the MFRS 2 on share-based payment.

In accordance with MFRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is expected to vest at each date of the ESOS Award and is recognised in the statements of profit or loss and other comprehensive income over the vesting period of the ESOS Options, thereby reducing the earnings of our Group. The fair value of the ESOS Options is determined after taking into consideration, amongst others, the historical volatility of the Shares, the risk-free rate, the subscription price of the ESOS Options and time to maturity of the ESOS Options from the vesting date of the ESOS Options. Hence, the potential effect on the EPS of our Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Under the MFRS 2, the potential cost of awarding the Shares under the Proposed SGP will need to be measured at fair value on the date of granting and recognised as an expense in the statement of profit or loss and other comprehensive income of our Group over the vesting period of such Shares under the SGP Award(s). The extent of the effect of the Proposed SGP on our Group's EPS cannot be determined at this juncture as it would depend on the fair value of the Shares at the respective dates of the SGP Award(s). However, it is important to note that the potential cost of the award pursuant to the Proposed SGP do not represent a cash outflow and is only an accounting treatment.

Nevertheless, our Company has taken note of the potential impact of the MFRS 2 on our Group's future earnings and shall take into consideration such impact on the allocation and granting of ESOS Options and/ or the Shares to the Eligible Persons.

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9.4 Substantial shareholdings structure

The pro forma effects of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants on the substantial shareholders' shareholdings of our Company as at the LPD are set out below:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD			I After the Proposed Private Placement with Warrants			II After I and the Proposed Rights Issue with Warrants			III After II and assuming full exercise of Warrants			
	Direct No. of Shares	% ^{*1}	Indirect No. of Shares	Direct No. of Shares	% ^{*2}	Indirect No. of Shares	Direct No. of Shares	% ^{*3}	Indirect No. of Shares	Direct No. of Shares	% ^{*4}	Indirect No. of Shares	%
Areca Dynamic Growth Fund	77,196,400	14.55	-	77,196,400	12.65	-	102,928,533	15.58	-	128,660,666	16.26	-	-
Affin Hwang Multi-Asset Fund	63,000,000	11.87	-	63,000,000	10.33	-	88,000,000	13.32	-	113,000,000	14.28	-	-
Dr Abu Hasan ³	-	-	-	79,579,740	13.04	-	79,579,740	12.04	-	159,159,480	20.12	-	-

Notes:-

^{*1} Based on the total issued shares of 530,531,600 of Prestariang.

^{*2} Based on the total issued shares of 610,111,340 of Prestariang.

^{*3} Based on the total issued shares of 660,843,473 of Prestariang.

^{*4} Based on the total issued shares of 791,155,346 of Prestariang.

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD		I After the Proposed Private Placement with Warrants		II After I and the Proposed Rights Issue with Warrants		III After II and assuming full exercise of Warrants									
	Direct No. of Shares	% ^{*1}	Direct No. of Shares	% ^{*2}	Direct No. of Shares	% ^{*3}	Direct No. of Shares	% ^{*4}	Indirect No. of Shares	%						
Areca Dynamic Growth Fund	77,196,400	14.55	-	-	77,196,400	12.65	-	-	102,928,533	13.08	-	-	128,660,666	12.33	-	-
Affin Hwang Multi-Asset Fund	63,000,000	11.87	-	-	63,000,000	10.33	-	-	84,000,000	10.67	-	-	105,000,000	10.06	-	-
Dr Abu Hasan ^{*3}	-	-	-	-	79,579,740	13.04	-	-	79,579,740	10.11	-	-	159,159,480	15.25	-	-

Notes:-

^{*1} Based on the total issued shares of 530,531,600 of Prestariang.

^{*2} Based on the total issued shares of 610,111,340 of Prestariang.

^{*3} Based on the total issued shares of 786,955,206 of Prestariang.

^{*4} Based on the total issued shares of 1,043,378,812 of Prestariang.

The Proposed LTIP will not have an immediate effect on the shareholdings of the substantial shareholders of Prestariang until such time when the new Shares are issued pursuant to the Proposed LTIP, which should result in a dilution in their shareholdings. Any potential effect on the substantial shareholdings in Prestariang will depend on the number of ESOS Options granted and new Shares to be issued arising from the exercise of the ESOS Options under the Proposed ESOS as well as the number of new Prestariang Shares issued under the Proposed SGP at any point in time.

9.5 Convertible securities

As at the LPD, our Company does not have any convertible securities.

10. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Prestariang Shares as traded on Bursa Securities for the past 12 months from August 2019 to July 2020 are set out below:-

	High RM	Low RM
2019		
August	0.510	0.415
September	0.510	0.415
October	0.525	0.465
November	0.545	0.425
December	0.445	0.410
2020		
January	0.460	0.355
February	0.440	0.305
March	0.380	0.100
April	0.310	0.150
May	0.335	0.270
June	0.590	0.290
July	0.600	0.395

Last transacted market price of Prestariang Shares as at 22 July 2020
(being the latest trading day prior to the announcement on the Proposals) 0.505

Last transacted market price on 3 August 2020
(being the LPD prior to the printing of this Circular) 0.605

(Source: Bloomberg)

11. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals being obtained:-

- i. Bursa Securities, for which the approval was obtained vide its letter dated 19 August 2020, for the following:-
 - a. Admission to the official list and the initial listing and quotation of up to 256,423,606 Warrants to be issued pursuant to the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants;
 - b. Listing of:-
 - aa. Up to 79,579,740 Placement Shares to be issued pursuant to the Proposed Private Placement with Warrants;
 - bb. Up to 176,843,866 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
 - cc. Up to 256,423,606 new Prestariang Shares to be issued pursuant to the exercise of the Warrants; and
 - dd. such number of additional new Prestariang Shares representing up to 15% of the total number of issued shares (excluding treasury shares, if any) of Prestariang to be issued under the Proposed LTIP.

The approval granted by Bursa Securities for the Proposed LTIP is subject to the following conditions:-

Conditions	Status of compliance
a. UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting	To be complied
b. Prestariang is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed LTIP as at the end of each quarter together with a detailed computation of listing fees payable	To be complied

The approval granted by Bursa Securities for the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants are subject to the following conditions:-

Conditions	Status of compliance
a. Prestariang and UOBKH must comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants	To be complied
b. Prestariang and UOBKH to inform Bursa Securities upon the completion of the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants	To be complied
c. Prestariang to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants are completed	To be complied
d. Prestariang to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable	To be complied

- ii. our shareholders at the EGM of our Company to be convened; and
- iii. any other relevant authorities and/ or parties, if required.

The Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants are inter-conditional upon each other.

The Proposed LTIP is not conditional upon the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by our Company.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of our Directors and/ or major shareholders of our Company and/ or chief executive and/ or persons connected to them have any interests, either direct or indirect, in the Proposals.

12.1 Proposed Private Placement with Warrants

Save for Dr. Abu, none of our Directors and/ or major shareholders of our Company and/ or chief executive and/ or persons connected to them have any interests, either direct or indirect, in the Proposed Private Placement with Warrants.

Dr. Abu is deemed interested in the Proposed Private Placement with Warrants by virtue of him being our Non-Independent Executive Director as well as the placee for the Proposed Private Placement with Warrants. In view of the foregoing, Dr. Abu has abstained and will continue to abstain from deliberating and voting on the Proposed Private Placement with Warrants and the allocation of the Placement Shares to himself at our relevant Board meeting(s).

He will also abstain from voting in respect of his direct and/ or indirect shareholdings in our Company, if any, and has undertaken to ensure that persons connected with him will abstain from voting in respect of their respective direct and/ or indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed Private Placement with Warrants and the allocation of the Placement Shares to himself at the EGM of our Company to be convened.

12.2 Proposed Rights Issue with Warrants

None of our Directors and/ or major shareholders of our Company and/ or chief executive and/ or persons connected with them have any interest, either direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares under excess Right Shares application), to which all the shareholders of our Company are similarly entitled.

12.3 Proposed LTIP

All our Directors are entitled to participate in the Proposed LTIP and are therefore deemed interested in the Proposed LTIP to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed LTIP. For avoidance of doubt, Dr. Abu has voluntarily relinquished his eligibility to the Proposed LTIP. Accordingly, Dr. Abu is not part of the LTIP Interested Directors.

The LTIP Interested Directors have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meeting(s) in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed LTIP.

The LTIP Interested Directors will also abstain from voting in respect of their direct and/ or indirect shareholdings, if any, at the EGM of our Company to be convened on the ordinary resolutions to be tabled for their respective proposed allocation, if any, as well as the proposed allocations to the persons connected to them, if any. The LTIP Interested Directors will undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in our Company on the ordinary resolutions pertaining to their respective proposed allocation and the proposed allocations to the persons connected to them to be tabled at the EGM of our Company to be convened.

The shareholdings of the LTIP Interested Directors as at the LPD are as follows:-

LTIP Interested Directors	Shareholdings as at the LPD			
	Direct No. of Shares	% ^{*1}	Indirect No. of Shares	%
Paul Chan Wan Siew	950,000	0.18	50,000 ^{*1}	- ^{*2}
Ramanathan A/L Sathiamutty	-	-	-	-
Ginny Yeow Mei Ying	-	-	-	-
Baldesh Singh A/L Manmohan Singh	-	-	-	-
Professor Emeritus Dato' Dr. Hassan Bin Said	-	-	-	-
Hafidah Aman Binti Hashim	-	-	-	-

Notes:-

^{*1} Deemed interested by virtue of his spouse, Lee Oi Lin's shareholdings in Prestariang.

^{*2} Negligible.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed by the fourth quarter of 2020. The tentative timetable in relation to the Proposals is set out below:-

Date	Events
15 September 2020	<ul style="list-style-type: none"> Convening of EGM to obtain the approval of our shareholders for the Proposals
Mid September 2020	<ul style="list-style-type: none"> Announcement to Bursa Securities on the book closure date for the Rights Shares and Warrants entitlement
Early to Mid October 2020	<ul style="list-style-type: none"> Book closure date for the Rights Shares and Warrants Issuance of abridged prospectus in relation to the Proposed Rights Issue with Warrants Implementation of the Proposed LTIP
End November 2020	<ul style="list-style-type: none"> Closing date of acceptance and applications for the Rights Shares and Warrants
Early November 2020	<ul style="list-style-type: none"> Listing and quotation for the Placement Shares, Rights Shares and Warrants on the Main Market of Bursa Securities pursuant to the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants Completion of the Proposed Private Placement with Warrants and the Proposed Rights Issue with Warrants

14. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Our Company had on 25 February 2020, announced a proposed disposal by our Company of 20,000,000 ordinary shares representing 100% equity interest in Prestariang Education Sdn Bhd to Serba Dinamik Group Berhad for a cash consideration of RM2.50 million. The proposed disposal is still pending the approval of the Ministry of Higher Education. The proposed disposal is expected to be completed by fourth quarter of this year.

Save for the abovementioned proposed disposal and the Proposals, which are the subject matter of this Circular, our Board confirms that there are no other outstanding corporate proposals that have been announced through Bursa Securities but not yet completed prior to the printing of this Circular.

15. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for Dr. Abu who has abstained from all deliberations and voting in relation to the Proposed Private Placement with Warrants at the relevant Board meeting(s)), having considered all aspects of the Proposed Private Placement with Warrants, including but not limited to the rationale and justifications and effects of the Proposed Private Placement with Warrants, is of the opinion that the Proposed Private Placement with Warrants is in the best interest of our Group. Accordingly, our Board (save for Dr. Abu) recommends that our shareholders **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Private Placement with Warrants at the EGM of our Company to be convened.

Further, our Board, having considered all aspects of the Proposed Rights Issue with Warrants and the Proposed LTIP, including but not limited to the rationale and justifications and effects of the Proposed Rights Issue with Warrants and the Proposed LTIP, is of the opinion that the Proposed Rights Issue with Warrants and the Proposed LTIP are in the best interest of our Group. Accordingly, our Board recommends that our shareholders **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed Rights Issue with Warrants, the Proposed LTIP and the proposed allocation of the LTIP Awards to the LTIP Interested Directors as well as allocations to persons connected to them, if any, under the Proposed LTIP at the EGM of our Company to be convened.

Dr. Abu has abstained and will continue to abstain from deliberating and making any recommendations on the Proposed Private Placement with Warrants and the allocation of the Placement Shares to himself at the relevant Board meeting(s). He will also abstain from voting in respect of his direct and/ or indirect shareholdings in Prestariang, if any, and ensure that persons connected to him, if any, abstain from voting in respect of their direct and/ or indirect interests in Prestariang on the resolution pertaining to the Proposed Private Placement with Warrants and the allocation of the Placement Shares to himself at the EGM of our Company to be convened.

In view that the LTIP Interested Directors are eligible to participate in the Proposed LTIP, the LTIP Interested Directors have abstained from deliberating and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed LTIP. They will also abstain and ensure that persons connected to them, if any, abstain from voting in respect of their direct and/ or indirect interests in Prestariang, on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed LTIP at the EGM of our Company to be convened.

16. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held on a fully virtual basis at the broadcast venue, Meeting Room, Securities Services (Holdings) Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 15 September 2020 at 3:00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, participate, speak and vote in person at the EGM, the completed and signed Form of Proxy in accordance with the instructions contained therein must be deposited at the Registered Office of our Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM of our Company to be convened should you subsequently wish to do so.

17. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of our Board
PRESTARIANG BERHAD

DR. ABU HASAN BIN ISMAIL
Non-Independent Executive Director, President/ Group Chief Executive Officer

APPENDIX I – ADDITIONAL INFORMATION

1. Financial position of our Group

The audited financial information of our Group for the FYE 31 December 2016, FYE 31 December 2017, restated consolidated financial statements for the FYE 31 December 2017, the 18-month FPE 30 June 2019 and the latest unaudited 12-month FYE 30 June 2020 are as follows:-

	<-----Audited----->			<--Unaudited-->	
	FYE 31 December 2016 RM'000	FYE 31 December 2017 RM'000	Restated FYE 31 December 2017 ^{*1} RM'000	18-month FPE 30 June 2019 ^{*2} RM'000	12-month FYE 30 June 2020 RM'000
Revenue	132,071	219,506	141,453	367,318	154,640
Cost of sales	(99,673)	(153,673)	(109,338)	(258,967)	(131,494)
Gross profit	32,398	65,833	32,115	108,351	23,146
Other income	2,950	2,7252	2,725	1,511	116
Administrative expenses	(21,625)	(24,136)	(24,136)	(49,325)	(20,930)
Other expenses	(1,739)	(5,956)	(5,315)	(20,895)	(3,494)
Finance costs	(453)	(479)	(479)	(5,365)	(4,835)
Net impairment losses on financial assets	-	-	(16,323)	(16,323)	-
PBT/ (LBT)	11,531	37,978	4,260	17,954	(5,997)
Taxation	(2,483)	(13,408)	(6,806)	(26,911)	(1,726)
PAT/ (LAT) from continuing operations	9,048	24,570	(2,546)	(8,957)	(7,723)
PAT/(LAT) from discontinued operations	-	-	-	-	(9,003)
PAT/ (LAT)	9,048	24,570	(2,546)	(8,957)	(16,726)
Profit/ (Loss) attributable to:					
Owners of our Company	8,884	18,208	(773)	(21,753)	(16,408)
Non-controlling interests	164	6,362	(1,773)	12,796	(318)
Gross profit margin (%)	24.53	30.00	22.70	29.50	14.97
PBT/ (LBT) margin (%)	8.73	17.30	3.01	4.89	(3.88)
PAT/ (LAT) margin (%)	6.85	11.19	(1.80)	(2.44)	(10.82)
Share capital	48,400	119,700	119,700	119,700	133,802
Share premium	74,712	-	-	-	-
Treasury shares	(2,608)	(3,366)	(3,366)	(3,366)	(3,366)
Merger deficit	(14,212)	(10,800)	(10,800)	(10,800)	(10,800)
Fair value reserve	-	-	-	(7,630)	-
Retained profits	54,749	58,482	39,501	10,534	14,197
Shareholders' funds/ NA	161,041	164,016	145,035	108,438	105,439
No. of Shares ('000)	482,678	482,302	482,302	482,302	530,532
NA per Share (RM)	0.33	0.34	0.30	0.22	0.20
Total borrowings	382	22,854	22,854	63,521	65,541
Gearing ratio (times)	- ^{*3}	0.14	0.16	0.59	0.61

Notes:-

^{*1} During the FPE 30 June 2019, our Company has adopted MFRS 15 and restated our accounts for the FYE 31 December 2017. The impact on the accounts for the FYE 31 December 2017 are as follows:-

- i. The revenue recognition in respect the SKIN project in FYE 31 December 2017 was deferred to FPE 30 June 2019 based on the SKIN agreement effective date; and
- ii. the cost incurred in relation to the revenue mentioned in item i. above was also correspondingly deferred from FYE 31 December 2017 and recognised in FPE 30 June 2019.

APPENDIX I – ADDITIONAL INFORMATION (CONT'D)

² *Our Group has changed its financial year-end from 31 December to 31 March on 3 Dec 2018 and from 31 March to 30 June on 28 February 2019 effective from the FPE 30 June 2019. The change in financial year end was in line with the ongoing negotiations for compensation arising from the SKIN project.*

³ *Negligible.*

FYE 31 December 2016

For FYE 31 December 2016, our Group's revenue improved by 14.36% to RM132.07 from RM115.48 million in FYE 31 December 2015. The improved results were due to the following:-

- a. our Group's ICT Services and Distribution segment revenue increased by 33.24% to RM125.21 million (2015: RM93.97 million). This is mainly due to the full-year recognition of the MLA 2.0 entered between our Group and Ministry of Finance in 2015 and was implemented in 2016; and
- b. our Group's employment services segment saw an increase of more than 100% or RM3.98 million in revenue from RM0.32 million to RM4.30 million in FYE 31 December 2016. This is mainly due to the recognition of revenue from a joint venture undertaken for foreign workers management services.

Our Group recorded PAT of RM9.05 million for the FYE 31 December 2016, which was lower by 46.86% as compared to FYE 31 December 2015 (RM17.03 million). The drop in our Group's gross margins to 24.53% in FYE 31 December 2016 (2015: 33.45%), was mainly due to the ICT Services and Distribution segment revenue mix for the year that include higher sales of lower margin – software and services, which were up by 27.00% and lesser sales from higher margin – training and certification services, which were down by 61.00%.

The depreciation of ringgit against US Dollars, that translated to higher cost of sales for software and services segment and deferrals of some higher margin projects in Education segment also contributed to the lower PAT in FYE 2016.

Additionally, in FYE 31 December 2016, there was an absence of various one-off transactions, such as dividend income, fair value gain, foreign exchange gain and gain on disposal of assets that were recorded in the prior financial year.

FYE 31 December 2017 (before restatement)

For FYE 31 December 2017, our Group's revenue increased by 66.21% from RM132.07 million to RM219.51 million, primarily due to the following:-

- a. our Group recognised its first revenue from the SKIN project amounting to RM78.05 million (2016: nil);
- b. our Group's ICT Services and Distribution segment saw its revenue increased by RM4.66million to RM129.87 million, representing a 3.59% increase (2016: RM125.21 million), backed by the growth in MLA 2.0 projects and the distribution of Autodesk licences to local education institutions. In addition, our Group commenced the distribution of Adobe Creative Cloud Software and Services software via a contract awarded by the Ministry of Higher Education in November 2017;
- c. our Group's education segmental revenue increased by 140.47% or RM6.18 million in FYE 31 December 2017 (2016: RM2.57 million) due to the on-going operational and branding revamp undertaken for University Malaysia of Computer Science and Engineering; and

APPENDIX I – ADDITIONAL INFORMATION (CONT'D)

- d. our Group's employment services segment continues to see an increase in revenue as the segment provided human resource services to workers for the Refinery & Petrochemicals Integrated Development (RAPID), which peaked in 2017 and 2018. The segment recorded revenue of RM5.40 million, higher by 25.6% in FYE 2017 (2016: RM4.30 million).

For FYE 2017, our Group recorded a PAT of RM24.57 million, an increase of 171.49% compared to the FYE 31 December 2016 of RM9.05 million. This was mainly due to improved sales and better margins derived from the SKIN project. However, the improvement was moderated by a one-off impairment loss of development cost amounting to RM3.50 million and an increase in staff cost to RM25.13 million against RM16.54 million a year earlier.

Restated FYE 31 December 2017

In FYE 31 June 2019, our Group adopted MFRS 15, and restated its FYE 31 December 2017 accounts. The major impact to our Group's consolidated financial statements for the FYE 31 December 2017, were as follows:-

- a. deferment of RM78.05 million of revenue recognised for the SKIN project from FYE 31 December 2017 to FYE 30 June 2019 based on the concession agreement effective date; and
- b. recognition of costs of RM44.3 million incurred in relation to the SKIN project was also correspondingly deferred from FYE 31 December 2017 and recognised in FYE 30 June 2019.

The above caused the restated revenue for FYE December 2017 to be lower at RM141.45 million as compared to the revenue of RM219.51 million before the reinstatement. Correspondingly, this resulted in the restated LAT of RM2.55 million as compared to the PAT of RM24.57 million before restatement.

FPE 30 June 2019

For the 18-months FPE 30 June 2019, our Group reported revenue of RM367.32 million, an increase of 160% compared to the restated FYE 31 December 2017 of RM141.45 million or an increase in revenue of 73.12% or RM103.43 million on annualised basis mainly due to the following:-

- a. recognition of RM175.45 million revenue from the SKIN project during the FYE 30 June 2019 (FYE 2017: nil); and
- b. increase in revenue of 222.23% for our Group's employment services segment to RM17.40 million or RM11.60 million or 114.81% on annualised basis for the FYE 30 June 2019 (restated 2017: RM5.40 million). The significant increase was mainly due increase in the number of workers managed as the RAPID project activities reached its peak in 2018.

For FPE 30 June 2019 our Group recorded LAT of RM8.96 million or RM5.97 million on annualised basis. This annualised LAT of RM5.97 million was 134.12% more than the LAT for FYE 31 December 2017 of RM2.55 million. The higher loss was mainly due to material provisions made for impairment of trade receivables, development costs, fixed costs and others, in compliance with the relevant MFRS amounting to RM28.37 million and one-off tax penalties resulted from tax audit conducted by Lembaga Hasil Dalam Negeri for FYE 2011 to FYE 2016 amounting to RM2.00 million.

APPENDIX I – ADDITIONAL INFORMATION (CONT'D)

FYE 30 June 2020

For the FYE 30 June 2020, our Group recorded revenue of RM154.64 million which was about RM84.00 million or 35.20% lower than the revenue for the corresponding 12-month FPE 30 June 2019 of RM238.64 million. The lower revenue was primarily due to the following:-

- a. Absence of revenue from the Concession segment as it has ceased operation in January 2019. This segment contributed revenue of RM118.79 million in the corresponding 12-month FPE 30 June 2019;
- b. Software & Services and Talent segment recorded revenue of RM150.20 million which was higher by RM48.18 million or 47.23% compared to the revenue for the corresponding 12-month FPE 30 June 2019 of RM102.02 million due to a significant jump in sales particularly in the month of June 2020. This was made possible by the improved cash flow position of our Group during the month, thus allowing our Group to secure more software and services from the principals and service providers, which in turn, enabled our Group to push and achieve high sales volume in June 2020. The talent portion of the segment however, was affected by the deferment of trainings starting February 2020 following the onset of Covid-19 and the ensuing MCO; and
- c. Employment Services recorded revenue of RM4.44 million which was lower by 61.95% as compared to the corresponding 12-month FPE 30 June 2019 of RM11.67 million. This was primarily linked to the winding down of its project in Pengerang.

The LAT for the FYE 30 June 2020 was RM16.73 million which was decreased by RM3.86 million compared to the LAT for the corresponding 12-month FPE 30 June 2019 of RM20.59 million. Factors affecting the LAT for the FYE 30 June 2020 include mainly the following:-

- a. Loss from Concession segment of RM1.52 million. Though this segment has ceased operations, it still incurs costs comprising mainly professional fees in respect of our effort to seek compensation for the SKIN project termination. This segment contributed earnings before tax and finance cost of RM38.15 million in corresponding 12-month FPE 30 June 2019;
- b. The Software & Services and Talent segment continues to be the core driver delivering profit before tax and finance cost of RM9.12 million as compared to loss before tax and finance cost for the corresponding 12-month FPE 30 June 2019 of RM10.26 million. The profits for this segment in the FYE 30 June 2020 is a better reflection of normalised business operations of the segment as compared to the previous corresponding 12-month period which was hampered by one-off asset value impairments;
- c. The Employment Services segment recorded a LBT and finance cost of RM0.06 million for the FYE 30 June 2020 as compared to PBT and finance cost of RM0.87 million for the corresponding 12-month FPE 30 June 2019 as a result of reduced manpower requirement linked to the winding down of its project in Pengerang;

APPENDIX I – ADDITIONAL INFORMATION (CONT'D)

- d. For the FYE 30 June 2020, the results of our subsidiary Prestariang Education Sdn Bhd, which made up the Education segment, has now been disclosed as results from discontinued operations with loss after tax of RM9.00 million. This is compared to the loss after tax for the corresponding 12-month FPE 30 June 2019 of RM18.11 million. The higher loss for the 12-month FPE 30 June 2019 was due to higher operating expenditure coupled with a one-off provision for impairment of fixed assets due to relocation of UNIMY. Our Company entered into a sale & purchase agreement for the proposed disposal of 20,000,000 ordinary shares representing 100% equity interest in Prestariang Education Sdn Bhd on 25 February 2020. Pending completion of the proposed disposal, the net operating results of Prestariang Education Sdn Bhd starting 1 July 2019 will be shown as arising from Discontinued Operations; and
- e. Our Group will continue with its rationalisation plan that include, among others, cost cutting measures, divestment of assets and equity fund raising to improve its cash flow and increase working capital.

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BY-LAWS OF PRESTARIANG BERHAD'S GROUP LONG TERM INCENTIVE PLAN**1. DEFINITIONS AND INTERPRETATIONS**

1.1 In these By-laws, except where the context otherwise requires, the following expression in these By-laws shall have the following meanings:

Act	:	The Companies Act, 2016, as amended from time to time and all regulations made thereunder and any re-enactment thereof
Adviser	:	A corporate finance adviser that may act as a Principal Adviser under the Securities Commission's Principal Adviser's Guidelines, as amended from time to time
Authorised Nominee	:	A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of the Bursa Depository
Award Letter	:	A letter of offer to Eligible Person(s) issued pursuant to an offer made by the LTIP Committee under Part B or Part C, as the case may be, of these By-laws
Board	:	Board of Directors of Prestariang, as may be constituted from time to time
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (<i>Company No. 165570-W</i>)
Bursa Securities	:	Bursa Malaysia Securities Berhad (<i>Company No. 635998-W</i>)
By-laws	:	The rules, terms and conditions of the Scheme as set out herein, and shall include any amendments or variations made thereto from time to time
CDS	:	Central Depository System
CDS Account	:	a Central Depository System account established by Bursa Depository for a Depositor for the recording of deposits of securities and dealings in such securities by the Depositors
Central Depositories Act	:	The Securities Industry (Central Depositories) Act 1991 including any amendments made thereto from time to time
Constitution	:	The constitution of the Company, including any amendments thereto that may be made from time to time
Date of Expiry	:	The last day of the duration of this Scheme pursuant to By-law 6.1 hereof
Depositor	:	A holder of a CDS Account
Director(s)	:	A natural person who holds a directorship in an executive or non-executive capacity in any company in the Prestariang Group
Effective Date	:	The date the last of the approvals and/or conditions referred to in By-law 6.1 have been obtained and/or complied with

APPENDIX II – DRAFT BY-LAWS (CONT'D)

Eligible Person(s)	: Employee(s) or Director(s) of the Prestariang Group who meets the criteria of eligibility for participation in the Scheme as set out in By-law 7
Employee	: A natural person who is employed by and on the payroll of any company in the Prestariang Group, including Director(s) and person(s) recruited under contracts of employment within the Prestariang Group
Entitlement Date	: The date as at the close of business on which the names of the shareholders of Prestariang must appear on Prestariang's record of depositors in order to participate in any dividends, rights, allotments or other distributions
ESOS	: The employees' share option scheme, a component of the Scheme as more particularly set out in Part B of these By-laws
ESOS Award Date	: The date of which an ESOS Award(s) is awarded to any Eligible Person pursuant to an Award Letter
ESOS Award(s)	: The grant of an award of such number of ESOS Option(s) to Eligible Person(s) to subscribe for Prestariang Shares at the Option Price in the manner and subject to the terms and conditions provided in these By-laws
ESOS Option or Option	: The right of an ESOS Participant to subscribe for new Prestariang Share(s) under the ESOS pursuant to the contract constituted by the selected Eligible Person's acceptance of an ESOS Award in the manner indicated in By-law 35
ESOS Participant(s)	: Eligible Person(s) who has accepted an award of ESOS Options in accordance with the terms of the Scheme
Exercise Period	: The specific period or periods within the LTIP Period during which ESOS Options may be exercised by Participants, as determined by the LTIP Committee subject to By-law 6
Government	: The Government of Malaysia
LTIP Award Date(s)	: The SGP Award Date(s) and/or the ESOS Award Date(s), as the case may be
LTIP Award(s)	: The SGP Award(s) and/or the ESOS Award(s) as the case may be
LTIP Committee	: The committee duly appointed from time to time and authorised by the Board pursuant to By-law 16 to administer the Scheme in accordance with these By-laws
LTIP or Scheme	: The Prestariang Group's Long Term Incentive Plan comprising the ESOS and SGP on the terms as set out in these By-laws
LTIP Participant or Participant	: Means ESOS Participant(s) and/or SGP Participant(s), as the case may be

APPENDIX II – DRAFT BY-LAWS (CONT'D)

LTIP Period	:	A period commencing from the date the offer for the ESOS Options or a SGP Award, as the case may be, is accepted in accordance with these By-laws and expiring on the last day of the period referred to in By-law 6 or such other date which the LTIP Committee may in its discretion decide, subject always to early termination in accordance with the provisions of By-law 6, provided that no LTIP Period shall extend beyond the period referred to in By-law 6
Main Market Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities
Market Day(s)	:	Any day(s) on which Bursa Securities is open for trading in securities
Maximum Allowable Allocation	:	The maximum number of Prestariang Shares that can be offered to an Eligible Person as stipulated in By-law 8
Option Price	:	The price at which the ESOS Participant shall be entitled to subscribe for every new Prestariang Share by exercising his/her ESOS Option(s) as determined in accordance with By-law 36
Person connected	:	Has the meaning given to "person connected" adopted in Paragraph 1.01 of the Main Market Listing Requirements
Prestariang Group or Group	:	Prestariang and its Subsidiaries or any one or more of them as the context permits
Prestariang or Company	:	Prestariang Berhad (Registration No. 201001038336(922260-K))
Prestariang Shares or Shares	:	Ordinary shares in Prestariang
Registered Office	:	The registered address of Prestariang being Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the Central Depositories Act
Senior Management	:	An Employee of the Prestariang Group as may be determined by the LTIP Committee from time to time to be senior management
SGP	:	The employee share grant plan, a component of the Scheme as more particularly set out in Part C of these By-laws
SGP Award	:	The grant of an award of such number of Prestariang Shares to Executive Directors and/or Senior Management of Prestariang Group whom shall fulfil the criteria of an Eligible Person pursuant to the provisions of By-Law 7

APPENDIX II – DRAFT BY-LAWS (CONT'D)

SGP Award Date(s)	: The date of which an SGP Award(s) is awarded to Executive Directors and/or Senior Management of Prestariang Group whom shall fulfil the criteria of an Eligible Person pursuant to a letter of award
SGP Participant(s)	: Eligible Person(s) who has accepted SGP Award(s) in accordance with the terms of the Scheme
Subsidiaries	: Subsidiary companies within the meaning of Section 4 of the Act of Prestariang which are not dormant and shall include subsidiary companies which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiary companies which have been divested in the manner provided for in By-law 24.2 and which is determined by the LTIP Committee at its absolute discretion from time to time to be a corporation participating under the Scheme in accordance with By-law 7
Trust	: The trust that may be established to facilitate the implementation of the Scheme
Trust Deed	: The trust deed(s) constituting the Trust to be executed between the Trustee and the Company (if applicable)
Trustee	: The trustee(s) that may be appointed by the Company for the Scheme from time to time
Vesting Conditions	: The conditions which are required to be fulfilled by a Participant before the ESOS Option(s) and/or SGP Award(s) is capable of being vested onto the Participant pursuant to the terms of these By-Laws

1.2 In these By-laws:

- (i) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);
- (ii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-laws so far as such modification or re-enactment applies or is capable of applying to any LTIP Award offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iii) words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- (iv) any liberty or power which may be exercised or any determination which may be made hereunder by the LTIP Committee or the Board may be exercised at the LTIP Committee's or the Board's absolute and unfettered discretion and the LTIP Committee and/or the Board shall not be required to give any reason therefore except as may be required by the relevant authorities;

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (v) the heading in these By-laws are for convenience only and shall not be taken into account in the interpretation of these By-laws;
- (vi) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day provided always if such date shall fall beyond the duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day;
- (vii) any reference to the Company and/or other person shall include a reference to the successors-in-title and permitted assigns; and
- (viii) "person connected" shall have the meaning as defined in Paragraph 1.01 of the Listing Requirements.

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PART A : GENERAL PROVISIONS OF THE SCHEME

2. NAME OF THE SCHEME

This Scheme will be called the “Prestariang Berhad Group’s Long Term Incentive Plan” and shall comprise of the ESOS and the SGP.

3. THE OBJECTIVES OF THE SCHEME

The establishment of this Scheme is to: -

- i. serve as a long-term incentive plan to reward the Eligible Persons to align their interest with the corporate goals and objectives of the Prestariang Group;
- ii. recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Prestariang Group;
- iii. attract and reward the Eligible Persons by allowing them to participate in Prestariang Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Prestariang Shares;
- iv. motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- v. inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- vi. possibly retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level.

This Scheme (save for SGP) is also extended to non-executive directors in the Group in recognition of their contributions towards the growth and performance of the Prestariang Group.

4. APPLICATION OF PART A

Unless otherwise expressly provided, the provisions of this Part A shall apply generally to the ESOS and the SGP.

5. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 5.1 The total number of Prestariang Shares which may be made available under the Scheme shall not in aggregate be more than fifteen per centum (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time during the duration of the Scheme (“**Maximum Prestariang Shares**”). The LTIP Committee has the discretion in determining whether the total number of Prestariang Shares which may be made available under the Scheme shall be staggered over the duration of the Scheme.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 5.2 Notwithstanding the provision of By-law 5.1 above or any other provisions contained herein, in the event the aggregate number of Prestariang Shares granted under the Scheme exceeds the Maximum Prestariang Shares at any point in time as a result of the Company purchasing its own shares or the Company undertaking any corporate proposal and thereby diminishing its total number of issued shares, no further LTIP Awards shall be made until such aggregate number of Prestariang Shares granted falls below the Maximum Prestariang Shares. Any LTIP Award(s) made prior to the adjustment of the issued and paid-up share capital and/or shares of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme.
- 5.3 Prestariang Shares which are the subject of LTIP Awards which have lapsed for any reason whatsoever may be the subject of further LTIP Awards made by the LTIP Committee under the Scheme.
- 5.5 Notwithstanding the above, the Company may implement more than one (1) long term incentive plan during the duration of this Scheme provided that the aggregate Prestariang Shares available for issuance under all the share issuance schemes implemented by Prestariang are not more than fifteen per centum (15%) of its total number of issued shares (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

6. DURATION AND TERMINATION OF THE SCHEME

- 6.1 The launch or implementation of the Scheme shall be the date the last of the following approvals and/or conditions have been obtained and/or complied with:
- (a) the submission to Bursa Securities of the final copy of the By-laws together with a letter of compliance pursuant to paragraphs 2.12 and 6.42 of the Main Market Listing Requirements and a checklist showing compliance with Appendix 6E of the Main Market Listing Requirements;
 - (b) receipt of the approval-in-principle from Bursa Securities for the listing of the new Prestariang Shares, if any, to be issued under the Scheme;
 - (c) procurement of the shareholders' approval for the Scheme at an extraordinary general meeting;
 - (d) the approval of any other relevant authorities for the Scheme (if any); and
 - (e) the fulfilment of all conditions attached to the above approvals, if any.

The Scheme, when implemented, shall be in force for a period of five (5) years from the Effective Date. The Company may, if the Board deems fit and upon the recommendation of the LTIP Committee, extend the Scheme for a period of up to another five (5) years, immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities. Such extended Scheme shall be implemented in accordance with the terms of these By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals from the shareholders of the Company shall be required for the extension of the Scheme and the Company shall serve appropriate notices on each LTIP Participant and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within 30 days prior to the Date of Expiry or such other period as may be stipulated by Bursa Securities.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 6.2 LTIP Awards can only be made during the duration of the Scheme before the Date of Expiry.
- 6.3 Subject to By-law 6.4, the Company may at any time during the duration of the Scheme terminate the Scheme and, upon expiry of the notice period stipulated in By-law 6.4, shall immediately announce to Bursa Securities the:
- (a) effective date of termination of the Scheme ("**Termination Date**");
 - (b) number of ESOS Options exercised and Prestariang Shares vested; and
 - (c) reasons for termination of the Scheme.
- 6.4 Subject to By-law 15.3, prior to the termination of the Scheme pursuant to By-law 6.3, the Company shall provide thirty (30) days' notice to all LTIP Participants and allow the LTIP Participants to (a) exercise any vested but unexercised ESOS Options; and (b) transfer any shares of any vested SGP Awards prior to the Termination Date.
- 6.5 Notwithstanding anything to the contrary, all unvested and/or unexercised ESOS Options and/or SGP Awards shall lapse on the Date of Expiry or earlier termination of the Scheme pursuant to By-law 6.3.
- 6.6 The Company shall through its Adviser submit no later than five (5) Market Days after the Effective Date of the implementation of these By-laws, a confirmation to Bursa Securities of the full compliance of By-law 6.1 above stating the effective date of implementation of the Scheme, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the Scheme.
- 6.7 In the event of termination as stipulated in By-Law 6.3 above, the following provisions shall apply:
- (a) no further LTIP Award(s) shall be granted by the LTIP Committee from the Termination Date;
 - (b) all LTIP Award(s) which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
 - (c) any LTIP Award(s) which have yet to be vested or exercised (as the case may be and whether fully or partially) granted under the Scheme shall be deemed cancelled and be null and void.
- 6.8 Approval or consent of the shareholders of the Company by way of a resolution in an extraordinary general meeting and written consent of LTIP Participant(s) in relation to unvested and/or unexercised LTIP Award(s) are not required to effect a termination of the Scheme.

7. ELIGIBILITY

- 7.1 Subject to By-laws 7.2, 7.4 and 7.5 below, any Director or Employee of the Prestariang Group shall be eligible to be considered for participation in the Scheme.
- 7.2 In the case of an Eligible Person, he/ she will be eligible if at the LTIP Award Date, the following eligibility criteria is fulfilled:
- (a) in respect of an Employee, the Employee must fulfil the following criteria as at the LTIP Award Date:

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (i) he/ she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt;
 - (ii) he/ she is in employment within the Prestariang Group for such period as may be determined by the LTIP Committee prior and up to the LTIP Award Date and has not served a notice to resign nor received a notice of termination; and/or
 - (iii) is under such categories and criteria that the LTIP Committee may from time to time decide at its absolute discretion,
- (b) in respect of a Director, the Director must fulfill the following criteria as at the LTIP Award date:
- (i) he/she has attained the age of at least eighteen (18 years) and is not an undischarged bankrupt;
 - (ii) has been appointed as a Director of the Company or any company in the Group; and/or
 - (iii) is under such categories and criteria that the LTIP Committee may from time to time decide at its absolute discretion,

PROVIDED ALWAYS THAT the selection of any Director or Employee for participation in the Scheme shall be at the discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding. In determining the eligibility of an Eligible Person to participate in the Scheme, the LTIP Committee may take into account amongst other factors, job grading, length of service and/or contribution to the relevant company within the Group, and/or such other factors that the LTIP Committee may in its sole and absolute discretion deem fit.

7.3 No LTIP Award, allocation under the Scheme and the related allotment and/or vesting of Prestariang Shares shall be made to the following persons unless the shareholders of Prestariang in a general meeting shall have approved the specific allocation and allotment and/or award to such persons:

- (a) any Eligible Person who is a director, major shareholder or chief executive officer of Prestariang ("**interested director**", "**interested major shareholder**" and "**interested chief executive**"); or
- (b) an Eligible Person who is connected with an interested director, interested major shareholder or interested chief executive ("**interested person connected with a director, major shareholder or chief executive**").

In a meeting to obtain shareholder approval in respect of the above allocation, allotment and/or grant:

- (a) to an Eligible Person who is the interested director, interested major shareholder, interested chief executive or interested person connected with a director, major shareholder or chief executive; and
- (ii) where the allocation and allotment is in favour of an Eligible Person who is an interested person connected with a director, major shareholder or chief executive, such director, major shareholder or chief executive,

APPENDIX II – DRAFT BY-LAWS (CONT'D)

must not vote on the resolution approving the said allocation and allotment and/or award. An interested director, interested major shareholder or interested chief executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation and allotment and/or award.

- 7.4 For the avoidance of doubt, the following persons are not Eligible Persons and do not qualify for participation in the Scheme:
- (a) subject to By-law 24 below, employees of a company which has ceased to be a subsidiary of Prestariang; and
 - (b) a Director or employee of a company within the Group which is dormant.
- 7.5 Unless otherwise determined by the LTIP Committee, an LTIP Participant under the Scheme shall not be entitled to participate in any other share issuance scheme, share grant scheme or share scheme which may be implemented by any other company in the Prestariang Group during the duration of the Scheme.
- 7.6 An Eligible Person may be eligible to participate in either or both the ESOS and/or the SGP, as may be determined by the LTIP Committee.
- 7.7 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options or Prestariang Shares comprised herein unless an LTIP Award pursuant to an Award Letter has been made by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the LTIP Award.
- 7.8 Notwithstanding anything to the contrary in these By-laws subject always to By-laws 17 and 18, the LTIP Committee may, in its discretion, waive the eligibility criteria set out in By-law 7.2. The eligibility and number of LTIP Award(s) to be awarded to an Eligible Person under the Scheme shall be at the sole and absolute discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.
- 7.9 Where an LTIP Award is to an Eligible Person who is a member of the LTIP Committee, such LTIP Award shall be decided and carried out by the LTIP Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the LTIP Committee shall abstain from all deliberations and voting in respect of the LTIP Award proposed to be offered or awarded to him/her or the vesting of ESOS Options and/or Prestariang Shares to him/her at the relevant LTIP Committee meetings.

8. MAXIMUM ALLOWABLE ALLOCATION AND BASIS OF ALLOCATION

- 8.1 Subject to By-law 5 and any adjustments which may be made under these By-laws, the aggregate number of Prestariang Shares that may be allocated to any of the Eligible Persons of the Prestariang Group who are entitled to participate in the Scheme shall be on the basis set out in By-law 8.2 subject always to the following main parameters:
- (a) the Directors and Senior Management do not participate in the deliberation or discussion of their own allocation;
 - (b) the number of Prestariang Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed ten per centum (10%) of the Maximum Prestariang Shares, and

APPENDIX II – DRAFT BY-LAWS (CONT'D)

(c) up to 50% of the Maximum Prestariang Shares shall be allocated in aggregate to the Directors and Senior Management of the Prestariang Group. This is intended to incentivise the Directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of Prestariang Group and to incentivise the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance,

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Main Market Listing Requirements or any other relevant authorities as may be amended from time to time.

- 8.2 The basis for determining the aggregate number of Prestariang Shares that may be offered and/or allocated under the Scheme to an Eligible Person shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the seniority, job grading, performance, length of service and/or contribution to the Group by the Eligible Person and/or such other matters which the LTIP Committee may in its sole and absolute discretion deem fit and the Maximum Allowable Allocation as decided by the LTIP Committee.
- 8.3 Subject to By-law 17, the LTIP Committee may at its sole and absolute discretion and pursuant to By-law 16, amend or vary and/or include or preclude any basis or criteria which is applied in considering LTIP Awards to Eligible Persons including the Maximum Allowable Allocation for which it shall deem necessary to introduce during the duration of the Scheme provided that these bases are in compliance with the relevant Main Market Listing Requirements and applicable laws.
- 8.4 In the event that an Eligible Person is promoted, he/she shall be entitled to continue to hold all unvested ESOS Options and to exercise all vested but unexercised ESOS Options and/or be entitled to hold all unvested SGP Awards held by him/her. The Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment that may be awarded corresponding to the category of the employee of which he/she then is a party, subject always to the maximum number of Prestariang Shares available under the Scheme as stipulated under By-law 5.
- 8.5 In the event that an Eligible Person is demoted, he shall be entitled to exercise all vested but unexercised ESOS Options and/or to all vested SGP Awards unless otherwise determined by the LTIP Committee and the number of unvested ESOS Options and/or SGP Awards held by him/her at that time may be reduced by the LTIP Committee in its sole and absolute discretion.
- 8.6 The LTIP Committee shall not be obliged in any way to award, grant or vest to any Eligible Person any ESOS Options and/or SGP Awards. The decision of the LTIP Committee shall be final and binding.
- 8.7 The allocation of ESOS Options and SGP Awards pursuant to the Scheme shall be verified by the Company's Audit Committee, as being in compliance with the criteria set out in these By-laws (where relevant) at the end of each financial year of the Company.
- 8.8 The LTIP Committee may at its sole and absolute discretion determine whether granting of the LTIP Award(s) to the Eligible Person will be staggered over the duration of the Scheme or in one (1) single grant and/or whether the LTIP Award(s) are subject to any vesting period and if so, to determine the vesting conditions including whether such vesting conditions are subject to performance target.
- 8.9 If any Eligible Person is a member of the LTIP Committee, such Eligible Person shall not participate in the deliberation or discussion of his/her allocations as well as persons connected with them, if any.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 8.10 At the time the LTIP Award(s) is awarded in accordance with these By-laws, the LTIP Committee shall set out the basis of the award, identifying the category or grant of the Eligible Person and the Maximum Allowable Allotment that may be awarded to such Eligible Person under the LTIP Award(s).

9. RIGHTS ATTACHING TO LTIP AWARDS AND THE NEW PRESTARIANG SHARES

- 9.1 The ESOS Options and/or SGP Awards (as the case may be) shall not carry any right to vote at any general meeting of the Company until and unless such Prestariang Shares have been issued, allotted and credited into the CDS Account of the Participant.
- 9.2 A Participant shall not be entitled to any dividends, right or other entitlements on his/her unvested or unexercised ESOS Options and/or unvested SGP Awards (as the case may be).
- 9.3 The new Prestariang Shares to be allotted upon the vesting and exercise of the ESOS Options and/or vesting of the SGP Awards (as the case may be) (if any) shall upon allotment, issuance and full payment (if any), rank *pari passu* in all respects with the existing Prestariang Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the Entitlement Date of which is prior to the date of allotment of the said new Prestariang Shares and are subject to the provisions of the Constitution of the Company. In the event that any existing Prestariang Shares are to be transferred upon the vesting of any Prestariang Shares under the SGP Awards, the existing Prestariang Shares shall be transferred together with all dividends, rights, allotments and/or other distributions declared, the Entitlement Date of which is on or after to the date the Prestariang Shares are credited into the CDS Account of the relevant Participants.
- 9.4 All dividends, rights, allotments and/or any other distribution declared, made, paid or attached to the Prestariang Shares held in trust by the Trustee (if any) shall form part of the Trust assets until such Prestariang Shares are credited into the CDS Accounts of the respective Participants in which event By-laws 9.1, 9.2 and 9.3 shall apply.
- 9.5 All Prestariang Shares will be subject to all provisions of the Constitution of the Company.

10. TRUSTEE

- 10.1 The Company and/or the LTIP Committee may establish a Trust to be administered by the Trustee for the purposes of implementing the Scheme. To enable the implementation of the Scheme and the acquisition or subscription of the Prestariang Shares to satisfy the exercise of the ESOS Options or SGP Awards, the Trustee may, to the extent permitted by law and as set out under these By-Laws, receive funds from the Prestariang Group or any other person in such bank account(s) to be established by the Trustee for the purpose of the Trust.
- 10.2 If a Trust is established, the Trustee shall administer the Trust in accordance with the Trust Deed. For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements or make rules, regulations or impose terms and conditions or delegate part of its power relating to the administering of the trust as the LTIP Committee may in its discretion direct for the purpose of implementation or administration of the Trust.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

10.3 The Company shall have the power from time to time to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The LTIP Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The LTIP Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

11. NON-TRANSFERABILITY

11.1 An ESOS Option and/or SGP Award (as the case may be) is personal to the Participant and, prior to the allotment and/or transfer to the Participant of the Shares to which the LTIP Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of (in whole or in part) in any manner whatsoever.

11.2 Unless permitted under these By-Laws, a LTIP Award or the rights of the ESOS Participants under the ESOS Options shall not be transferred, assigned, disposed of or subject to any encumbrances by the LTIP Participant. Any attempt to transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the ESOS Option and/or LTIP Award (as the case may be).

12. TERMINATION OF THE ESOS OPTIONS AND/OR SGP AWARDS

12.1 Upon occurrence of one or more of the following events prior to the full vesting and allotment/transfer of any SGP Award and/or full vesting and exercise of any ESOS Option (as the case may be), such ESOS Option and/or SGP Award or the balance thereof that remained unvested, not allotted/transferred or unexercised, as the case may be, shall forthwith cease to be valid without any claim against the Company:

- (a) resignation, termination or cessation of employment of an Eligible Person or Participant, for any reason;
- (b) expiry, termination or cessation of a contract of service of an Eligible Person or Participant, for any reason; or
- (c) resignation, retirement or removal of a Director, for any reason.

PROVIDED ALWAYS THAT the LTIP Committee may, at its absolute discretion, by notice in writing, stipulate the times or period at or within which such SGP Awards and/or ESOS Options shall vest all or in part (provided that no Prestariang Shares and/or ESOS Options shall vest after the expiry of the LTIP Period) or permit such vested but unexercised ESOS Option to remain exercisable during the LTIP Period all or in part if such cessation occurs by reason of:

- (a) retirement upon or after attaining the retirement age under Prestariang Group's retirement policy; or
- (b) retirement before attaining the normal retirement age with the consent of his/her employer; or
- (c) redundancy or retrenchment pursuant to the acceptance by that LTIP Participant or a voluntary separation scheme offered by a company within the Prestariang Group;
- (d) resignation, retirement or removal of a Director, for any reason, save where such resignation, retirement or removal was due to the breach of duty, gross negligence or wilful misconduct of such Director;

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (e) transfer to any company outside the Prestariang Group at the direction of the Company; or
 - (f) ill-health, injury, physical or mental disability; or
 - (g) any other circumstances which are acceptable to the LTIP Committee.
- 12.2 Unless otherwise agreed in writing by the LTIP Committee at its absolute discretion, upon the resignation of the LTIP Participant from his/her employment or contract of service with the Prestariang Group, an ESOS Option and/or SGP Award (as the case may be) shall lapse forthwith on the date the Participant tenders his/her resignation.
- 12.3 In the event a bankruptcy proceeding has commenced against a LTIP Participant, the ESOS Option or SGP Award (as the case may be) shall be suspended pending the outcome of the bankruptcy proceedings. If the bankruptcy proceeding is withdrawn, the suspension shall be lifted and the unvested and/or unexercised ESOS Options and/or SGP Awards in respect of the LTIP Award shall be capable to be vested to the said LTIP Participant. However, an ESOS Option or SGP Award (as the case may be) shall immediately become void and of no further force and effect upon the LTIP Participant being adjudicated a bankrupt.
- 12.4 In the event of the liquidation of the Company or termination of the Scheme, all unexercised or unvested or partially unexercised or partially unvested ESOS Options and SGP Awards shall lapse.
- 12.5 An ESOS Option or SGP Award (as the case may be) shall cease to be valid without any claim against the Company upon the happening of any event which results in the Participant being deprived of the beneficial ownership of the ESOS Option or SGP Award on the date such event occurs.
- 12.6 An ESOS Option or SGP Award (as the case may be) shall cease to be valid upon termination of the Scheme pursuant to By-Law 6.
- 12.7 Upon the termination of the ESOS Options and/or SGP Awards (as the case may be) pursuant to this By-Law 12, the Participant shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or under a contract of service or from the suspension of his/her right to exercise or be vested his/her ESOS Options and/or SGP Awards (as the case may be) or his/her ESOS Options and/or SGP Awards (as the case may be) ceasing to be valid.

13. ALTERATION OF SHARE CAPITAL

- 13.1 Notwithstanding anything contained in these By-laws and subject to any applicable laws and the Main Market Listing Requirements, in the event of any alteration in the capital structure of the Company prior to the Date of Expiry, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Prestariang Shares or reduction of capital or any other variation of capital, the Board may in its discretion in good faith cause such adjustment to be made to the number of Prestariang Shares which shall be exercisable or vested under an ESOS Option(s) or SGP Award(s) and/or the Option Price.
- 13.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-law 13.1:
- (a) any adjustment to the Option Price shall be rounded up to the nearest one (1) sen; and

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (b) in determining a Participant's entitlement to subscribe for Prestariang Shares and/or number of Prestariang Shares to be vested, any fractional entitlements will be disregarded.
- 13.3 By-law 13.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) an issue of new Prestariang Shares or other securities convertible into Prestariang Shares or rights to acquire or subscribe for Prestariang Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (b) a special issue of new Prestariang Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;
 - (c) a private placement/restricted issue of new Prestariang Shares by the Company;
 - (d) an issue of new Prestariang Shares arising from the exercise of any conversion rights attached to securities convertible to Prestariang Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;
 - (e) an issue of new Prestariang Shares upon the exercise of ESOS Option(s) or SGP Award(s) (if any) pursuant to the Scheme;
 - (f) a share buy-back arrangement by the Company, pursuant to Section 127 of the Act; and
 - (g) an issue of further ESOS Option(s) or SGP Award(s) to Eligible Persons under these By-laws.
- 13.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part III (Division 7, Subdivision 2) of the Act, By-law 13.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company, save that By-law 13.3 shall be applicable in respect of such part(s) of the Scheme which involve(s) any alteration(s) in the capital structure of the Company which falls within By-law 13.3.
- 13.5 An adjustment pursuant to By-Law 13.1 shall be made according to the following terms:
- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
 - (b) in the case of a consolidation or subdivision of Prestariang Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective, or such period as may be prescribed by Bursa Securities.
- 13.6 Save for any alteration in the capital structure of the Company during the duration of the Scheme arising from bonus issues, all adjustments must be confirmed in writing by an approved company auditor or Prestariang's Adviser, acting as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable. Such confirmation shall be final and binding on all parties. For the purposes of this By-law, an approved company auditor shall have the meaning given in Section 2 of the Act and shall be the external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 13.7 The Board shall be guided by the adjustments as provided in the Schedule in determining the adjustments to be made pursuant to this By-law 13.
- 13.8 Upon any adjustment being made, the LTIP Committee shall within ten (10) Market Days give notice in writing to the LTIP Participant, to inform him/her of the adjustment and the event giving rise thereto.
- 13.9 Notwithstanding the other provisions referred to in the Schedule, in any circumstances where the LTIP Committee considers that adjustments to the Option Price and/or any Prestariang Shares relating to ESOS Options and/or SGP Awards to be issued or vested as provided for under the provisions hereof should not be made, or should be or should not be calculated on a different basis or different date or that an adjustment to the Option Price and/or the adjustments to the number of Prestariang Shares to be issued or vested relating to ESOS Options and/or SGP Awards should be made notwithstanding that no adjustment is required under the provisions hereof, the Company may appoint an Adviser and/or an auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such Adviser and/or auditor shall consider the adjustment calculation or determination to be inappropriate, the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser and/or auditor to be in their opinion appropriate.

14. QUOTATION OF NEW SHARES

- 14.1 If at the time of allotment of the new Prestariang Shares pursuant to the exercise of an ESOS Option or allotment of Prestariang Shares pursuant to an SGP Award (if any), the existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities for its permission for the listing of and quotation for the new Prestariang Shares so allotted in accordance with By-law 38.4 and By-law 42.1 (as the case may be).
- 14.2 The Company and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Prestariang Shares or in procuring Bursa Securities to list the Prestariang Shares for which the Participant(s) is entitled to.

15. RETENTION PERIOD

- 15.1 The Prestariang Shares to be allotted and issued or transferred to the Participant pursuant to this Scheme will not be subjected to any retention period unless otherwise as stated in the LTIP Award(s) as determined by the LTIP Committee from time to time. The expression "retention period" shall mean the period in which the Prestariang Shares are awarded and issued pursuant to the Scheme must not be sold, transferred, assigned or otherwise disposed by the LTIP Participant(s). However, the Participant is encouraged to hold the Prestariang Shares as an investment rather than to realise immediate gains from disposal.
- 15.2 Notwithstanding By-Law 15.1 above, the LTIP Committee shall be entitled to prescribe or impose, in relation to any LTIP Award(s), any condition relating to any retention period or restriction on transfer (if applicable) as the LTIP Committee sees fit.
- 15.3 Notwithstanding By-Law 15.1 above, an Eligible Person who is a non-executive director must not sell, transfer or assign Prestariang Shares obtained through the exercise of ESOS Options within one (1) year from the LTIP Award Date pursuant to Paragraph 8.20 of the Listing Requirements.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

16. ADMINISTRATION

- 16.1 This Scheme shall be administered by the LTIP Committee comprising such persons as shall be appointed from time to time by the Board of Prestariang. The Board of Prestariang shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the LTIP Committee.
- 16.2 The LTIP Committee shall be vested with such powers and duties as are conferred upon it by the Board of Prestariang to administer the Scheme in such manner as it shall in its discretion deem fit.
- 16.3 Without limiting the generality of By-Law 16.2, the LTIP Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any error(s) in the LTIP Award(s), enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme which the LTIP Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme, including the powers to:
- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and LTIP Award(s) granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The LTIP Committee in the exercise of this power may correct any defects, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the LTIP Award(s) in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary and/or expedient to promote the best interests of the Company.
- 16.4 In implementing the Scheme, the LTIP Committee may at its absolute discretion decide that the LTIP Awards be satisfied by the following methods:
- (a) issuance of new Prestariang Shares;
 - (b) transfer of the Company's treasury shares or any other methods as may be permitted by the Act; or
 - (c) a combination of any of the above.
- 16.5 Any decision or determination of the LTIP Committee made pursuant to the provisions of the Scheme (other than a matter to be certified and/or approved by the auditors or Advisers) shall be final, binding and conclusive (including for the avoidance of doubt, any decision pertaining to any dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The LTIP Committee shall not be required to furnish any reason for any decision or determination made by it except as may be required by the relevant authorities.
- 16.6 Neither the Scheme nor LTIP Award under the Scheme shall impose on the Company, the Board, or the LTIP Committee or any of its members any liability whatsoever in connection with:
- (i) the lapse of any LTIP Award pursuant to any provision of the Scheme;
 - (ii) the failure or refusal by the LTIP Committee to exercise, or the exercise by the LTIP Committee of, any discretion under the Scheme; and/or

APPENDIX II – DRAFT BY-LAWS (CONT'D)

(iii) any decision or determination of the LTIP Committee made pursuant to any provision of the Scheme.

17. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

17.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained (if required under the Listing Requirements and applicable laws and regulations), the LTIP Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-laws shall be made which will:

- (a) prejudice any rights then accrued to any LTIP Participant without the prior consent or sanction of that Participant (as the case may be);
- (b) increase the number of Prestariang Shares available under the Scheme beyond the Maximum Prestariang Shares set out in By-Law 5 above;
- (c) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
- (d) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the By-laws by virtue of Appendix 6E of the Main Market Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Main Market Listing Requirements.

17.2 Any amendments/modifications to the By-laws shall not contravene any of the provisions stipulated under the Main Market Listing Requirements and/or any other relevant regulatory authority in relation to share issuance schemes and/or share grant schemes.

17.3 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments caused to be submitted to Bursa Securities the amended By-laws and a confirmation letter in the form required under the Main Market Listing Requirements that the said amendment and/or modification complies and does not contravene any of the provisions of the Main Market Listing Requirements on share issuance schemes and/or share grant schemes (as the case may be) and the Rules of Bursa Depository.

17.4 The LTIP Committee shall within ten (10) Market Days of any amendment and/or modification made pursuant to these By-Laws notify the LTIP Participants in writing of any amendment and/or modification made pursuant to these By-Laws.

18. DISPUTES AND ERRORS AND OMISSIONS

18.1 In the event of any dispute or difference arising between the LTIP Committee and an Eligible Person or a Participant, as to any matter or thing of any nature arising hereunder, the LTIP Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Participant, as the case may be **PROVIDED THAT** where the dispute or difference is raised by a member of the LTIP Committee, the said member shall abstain from voting in respect of the decision of the LTIP Committee in that instance.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 18.2 In the event the Eligible Person or the Participant, as the case may be, shall dispute the decision made by the LTIP Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the LTIP Committee shall abstain from voting in respect of the decision and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.
- 18.3 Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the LTIP Committee shall be borne by such party.
- 18.4 If in consequence of an error or omission, the LTIP Committee discovers or determines that:
- (a) an Eligible Person who was selected by the LTIP Committee as an LTIP Participant, has not been given the opportunity to participate in the Scheme on any occasion; or
 - (b) the number of Prestariang Shares allotted, issued, transferred or vested to any LTIP Participant on any occasion is found to be incorrect;

the LTIP Committee and/or the Trustee may do all such acts and things to rectify such error or omission and ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or the aggregate number of Prestariang Shares to which the Participant is correctly entitled to is credited into the LTIP Participant's CDS account.

19. SCHEME NOT A TERM OF EMPLOYMENT / CONTRACT OF SERVICE

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment or contract of service of any Eligible Person. This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment or contract of service in the Prestariang Group nor any rights in addition to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment or contract of service. The terms of employment or contract of service of an Eligible Person shall not be affected by his/ her participation in the Scheme.

20. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the Scheme including but not limited to the fees, costs and expenses relating to the grant, vesting, allotment and issue and/or transfer of the Prestariang Shares pursuant to the exercise or vesting of any ESOS Option or SGP Award shall be borne by the Company. Notwithstanding this, the Participant shall bear any fees, costs and expenses incurred in relation to his/ her acceptance of an LTIP Award and exercise of the ESOS Option, opening and maintaining of his/ her respective CDS Account and sale of Prestariang Shares in the market.

21. CONSTITUTION

Notwithstanding the terms and conditions contained in these By-laws, if a situation of conflict should arise between these By-laws and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

22. INSPECTION OF AUDITED ACCOUNTS

All Participants are entitled to inspect the latest audited accounts of the Company during the normal office hours on any working day at the Registered Office of the Company.

23. TRANSFER FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (i) a Director or an Employee who was employed or under a contract of service in a company which is not within the Prestariang Group and is subsequently transferred from such company to any company within the Prestariang Group; or
- (ii) a Director or an Employee who was in the employment or under a contract of service with a company which subsequently becomes a member of the Prestariang Group as a result of a restructuring exercise or otherwise involving Prestariang and/or any company within the Prestariang Group with any of the first mentioned company stated in (i) above;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "Previous Company"), such a Director or an Employee of the Previous Company ("the Affected Director/Employee"), subject to By-law 6, will be eligible to participate in the Scheme only for the remaining duration of the Scheme, if the affected Director or Employee becomes an "Eligible Person" within the meaning under these By-Laws, subject always to the LTIP Committee's discretion.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Prestariang Group pursuant to part (ii) above as a subsidiary pursuant to Section 4 of the Act, the Scheme shall apply to the Directors and Employees of such company on the date such company becomes a subsidiary of Prestariang Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of "Eligible Person" under these By-Laws.

24. DIVESTMENT FROM THE PRESTARIANG GROUP

24.1 If a Participant who held office or was in employment or under a contract of service with a company which ceases to be a company within the Prestariang Group due to a subsequently disposal or divested (in whole or in part) from the Prestariang Group, then such Participant:

- (a) shall cease to be capable of being vested any unvested LTIP Awards awarded to him/her under the Scheme;
- (b) will not be entitled to exercise any unexercised vested ESOS Options, unless the LTIP Committee at its discretion permit such exercise of the unexercised vested ESOS Option or the vesting of the unvested LTIP Awards including its allocation thereof. For the avoidance of doubt, save and except to the extent permitted by the LTIP Committee, all existing LTIP Awards shall automatically lapse and be null and void and of no further force and effect, and
- (c) shall not be eligible to participate for further LTIP Awards under the Scheme.

24.2 For the purpose of By-law 24.1, a company shall be deemed to be divested from the Prestariang Group in the event that such company would no longer be a subsidiary of Prestariang pursuant to Section 4 of the Act.

25. TAKEOVER AND DISPOSAL OF ASSETS

Subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (a) a take-over offer being made for the Company, under the Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-overs, Mergers and Compulsory Acquisitions (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer ("**Offeror**") or any persons acting in concert with the Offeror); or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Prestariang Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Participants that it intends so to exercise such rights on a specific date ("**Specified Date**"); or
- (c) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional;

the LTIP Committee may at its discretion to the extent permitted by law permit the vesting of the LTIP Awards and the LTIP Participant(s) will be entitled to within such period to be determined by the LTIP Committee to subscribe and/or exercise all or any of his/her LTIP Awards and the Directors of Prestariang shall use their best endeavours to procure that such a general offer be extended to the new Prestariang Shares that may be issued pursuant to the LTIP Award(s) under these By-Laws.

In the foregoing circumstances, all LTIP Award(s) which the LTIP Committee permits to be vested and/or exercisable, shall automatically lapse and become null and void to the extent remain unvested and/or unexercised by the date prescribed by the LTIP Committee notwithstanding that the LTIP Award vesting date has not commenced or has not expired.

26. SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION

Notwithstanding By-laws 38 and 40 and subject to the discretion of the LTIP Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies, the LTIP Committee may at its absolute discretion decide whether an LTIP Participant may be entitled to be vested and/or to exercise all or any of his/her unvested and/or unexercised LTIP Awards at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective PROVIDED ALWAYS THAT no LTIP Awards shall be vested and LTIP Awards shall be subscribed and/or exercised after the expiry of the LTIP Award vesting date. Upon the compromise or arrangement becoming effective, all unvested and/or unexercised LTIP Awards shall automatically lapse and shall become null and void and of no further force and effect.

27. SUBSEQUENT EMPLOYEE SHARE SCHEMES

Subject to the approval of the relevant authorities and/or the shareholders of the Company and without derogating the right of the Company to implement more than one employee share scheme, share issuance scheme and/or share grant scheme under By-law 5.5, the Company may establish a new employee share scheme, share issuance scheme and/or share grant scheme after the expiry date of this Scheme or upon termination of this Scheme.

28. NO COMPENSATION

28.1 No Eligible Person shall be entitled to any compensation for damages arising from the termination of the LTIP Award(s) or this Scheme pursuant to the provisions of these By-laws.

28.2 Notwithstanding any provisions of these By-laws:

- (a) this Scheme shall not form part of any contract of employment or contract of service between the Company or any company within the Prestariang Group and any Eligible Person of any company of the Prestariang Group. The rights of any Eligible Person under the terms of his/her office and/or employment or contract of service with any company within Prestariang Group shall not be affected by his/her participation in the Scheme, nor shall such participation of the LTIP Award(s) or consideration for the LTIP Award(s) afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment or contract of service for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other law (other than those constituting the LTIP Award(s)) against the Company or any company of Prestariang Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other law against any company within Prestariang Group;
- (c) no LTIP Participant(s) or his/her legal representative (as the case may be) shall bring any claim, action or proceeding against any company of Prestariang Group, the LTIP Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights to his/her LTIP Award(s) or his/her LTIP Award(s) ceasing to be valid pursuant to the provisions of these By-laws; and
- (d) the Company, the Board (including Directors that had resigned but were on the Board during the duration of the Scheme), the Trustee or the LTIP Committee shall in no event be liable to the LTIP Participant(s) or his/her legal representative (as the case may be) or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-laws or any loss suffered by reason of any change in the price of the Prestariang Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of Prestariang Group, the Board or the LTIP Committee has been advised of the possibility of such damage.

29. TAXES

All costs, fees, levies, charges and/or taxes (including, without limitation, income tax), if any, arising from the acceptance and vesting of the Prestariang Shares pursuant to the SGP Award(s) and/or exercising of the ESOS Option(s) under the Scheme shall be borne by the LTIP Participant(s) for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

30. WINDING UP

All outstanding ESOS Options and SGP Awards shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

31. SEVERABILITY

If any time any term, condition, stipulation or provision in these By-laws is or becomes illegal, void, prohibited or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

32. GOVERNING LAW AND JURISDICTION

32.1 These By-laws shall be governed by and construed in accordance with the laws of Malaysia and the Participant shall submit to the exclusive jurisdiction of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-laws.

32.2 Any proceeding or action shall be instituted or taken in Malaysia and the Participant irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

32.3 Any LTIP Award made to Eligible Persons pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the LTIP Committee in the LTIP Award.

33. NOTICE

33.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the LTIP Participant pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the LTIP Participant at the last address known to the Company as being his/her address, such notice shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given by hand to the Eligible Person or the LTIP Participant, such notice or request shall be deemed to have been received on the date of delivery;
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the LTIP Participant, such notice or request shall be deemed to

APPENDIX II – DRAFT BY-LAWS (CONT'D)

have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the LTIP Participant shall be communicated in writing to the Company and the LTIP Committee.

- 33.2 Any certificate, notification, correspondence or other notice required to be given to the Company or the LTIP Committee shall be properly given if in writing and sent by registered post or delivered by hand (with acknowledgement of receipt) to the Company at its business address at Star Central, Block 12, Lingkaran Cyber Point Timur, Cyber 12, 63000 Cyberjaya, Selangor Darul Ehsan or any other business address which may be notified in writing by the LTIP Committee from time to time.
- 33.3 Notwithstanding By-Law 33.1, where any notice is required to be given by the Company or the LTIP Committee under these By-Laws in relation to matters which may affect all the Eligible Persons or Participants, as the case may be, the Company or the LTIP Committee may give notice through an announcement to all Employees of the Prestariang Group to be made in such manner deemed appropriate by the LTIP Committee. Upon the making of such an announcement, the notice to be made under By-Law 33.1 shall be deemed to be sufficiently given, served or made to all affected Eligible Person or LTIP Participants, as the case may be.

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PART B : ESOS

34. AWARD OF ESOS OPTIONS

- 34.1 The LTIP Committee may, at any time during the duration of the Scheme as defined in By-law 6, make ESOS Award(s) of ESOS Options in writing to any Eligible Person (based on the criteria of allocation as set out in By-law 8) selected by the LTIP Committee which selection shall be at the absolute discretion of the LTIP Committee.
- 34.2 The actual number of Prestariang Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the LTIP Committee and, subject to any adjustments that may be made under By-law 13, shall not be less than one hundred (100) Prestariang Shares but not more than the Maximum Allowable Allocation and shall always be in multiples of one hundred (100) Prestariang Shares.
- 34.3 An ESOS Award may be made upon such terms and conditions as the LTIP Committee may decide from time to time. Each ESOS Award shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.
- 34.4 The LTIP Committee may state the following particulars in the Award Letter (where applicable):
- (a) the number of ESOS Options that are being offered to the Eligible Person;
 - (b) the number of Prestariang Shares which the Eligible Person shall be entitled to upon the vesting and exercise of the ESOS Options being offered;
 - (c) the LTIP Period;
 - (d) the Exercise Period;
 - (e) the Option Price;
 - (f) the Validity Period as defined in By-law 35.1;
 - (g) whether the ESOS Award is conditional, any vesting, service and/or performance conditions ("**Vesting Conditions**"), the performance period, service period, vesting period, and vesting date(s) but in any event such period(s) and date(s) shall not be later than the Date of Expiry; and
 - (h) any other information deemed necessary by the LTIP Committee.
- 34.5 Without prejudice to By-laws 17 and 18, in the event of an error on the part of the Company in stating any of the particulars referred to in By-law 34.4, the following provisions shall apply:
- (a) within one (1) month after discovery of the error, the Company shall issue a supplemental Award Letter, stating the correct particulars referred to in By-law 34.4;
 - (b) in the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental Award Letter shall remain as the Option Price as per the original Award Letter; and

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (c) in the event that the error relates to the Option Price, the Option Price applicable in the supplemental Award Letter shall be the Option Price applicable as at the date of the original Award Letter, save and except with respect to any ESOS Option which have already been exercised as at the date of issue of the supplemental Award Letter.
- 34.6 Subject to By-law 34, nothing herein shall prevent the LTIP Committee from making more than one (1) LTIP Award to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate number of Prestariang Shares which may be offered to any Eligible Person (inclusive of Prestariang Shares previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allocation of that Eligible Person as set out in By-law 8.
- 34.7 The LTIP Committee has the discretion not to make further additional ESOS Awards.
- 34.8 The ESOS Awards shall automatically lapse and be null and void in the event of the death of the Eligible Person or cessation of employment or contract services of the Eligible Person for any reason whatsoever prior to the acceptance of the ESOS Awards by the Eligible Person in the manner set out in By-law 35.
- 34.9 After each adjustment following an alteration of the Company's share capital as stipulated in By-laws 13.1 and 13.2 and the Company informing the ESOS Participant of such adjustment pursuant to By-law 13.8, upon the return by an ESOS Participant of the original Award Letter to the Company, that letter shall be amended or a new Award Letter shall be issued within one (1) month from the date of return of the original Award Letter, to reflect the adjustment made to the number of ESOS Options granted to the ESOS Participant and/or the Option Price.
- 34.10 The LTIP Committee may, by giving notice in writing to the Eligible Person, vary or waive the terms of any Vesting Condition, performance period, service period, vesting period or other conditions.
- 34.11 The Company shall keep and maintain at its own expense a register of ESOS Participants and shall enter the names, addresses and identity card numbers of the ESOS Participants, the Maximum Allowable Allocation, the number of ESOS Options offered, the number of ESOS Options exercised, the ESOS Award Date and the Exercise Price and other particulars as may be prescribed under Section 129 of the Act.
- 34.12 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the LTIP Committee to consider making, or to make, any ESOS Award to any or all of the Eligible Persons.
- 34.13 Each vested ESOS Option shall be exercisable into one (1) Prestariang Share, fully issued and paid-up, in accordance with the provisions of these By-laws.

35. ACCEPTANCE OF THE AWARD

- 35.1 An ESOS Award of the ESOS Option(s) shall be valid for a period of thirty (30) calendar days from the ESOS Award Date or such period as the LTIP Committee at its discretion, determines on a case to case basis ("**Validity Period**"). Acceptance of the said ESOS Award by an Eligible Person shall be made by way of a written notice from the Eligible Person to the LTIP Committee in the form prescribed by the LTIP Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each ESOS Award (regardless of the number of shares comprised therein).

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 35.2 In the event that the Eligible Person fails to accept the ESOS Award of the ESOS Option(s) or pay the acceptance consideration as set out in By-law 35.1 within the Validity Period and in the manner aforesaid, or in the event of death or cessation of employment or contract of services of the Eligible Person or the Eligible Person becomes a bankrupt prior to his/her acceptance of the ESOS Award(s), the said ESOS Award shall be deemed to have lapsed. The ESOS Option(s) comprised in such ESOS Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person.
- 35.3 Upon acceptance of the ESOS Award(s) by the Eligible Person(s), the ESOS Award(s) will be vested to the ESOS Participant(s) on the ESOS vesting date during the duration of the Scheme, subject to the ESOS Participant(s) fulfilling the vesting condition(s), if any, as determined by the LTIP Committee.

36. OPTION PRICE

- 36.1 The Option Price of each Share comprised in any ESOS Option shall be:
- (a) the weighted average market price of the Prestariang Shares for the five (5) Market Days immediately preceding the ESOS Award Date less a discount of not more than ten per centum (10%) therefrom or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time; or
 - (b) such minimum exercise price as may be permitted by the provisions of the Act and the Main Market Listing Requirements;

whichever is higher, as determined by the Board upon recommendation of the LTIP Committee which shall be binding and conclusive.

- 36.2 The Option Price shall be subject to any adjustments provided under By-law 13.

37. VESTING CONDITIONS

- 37.1 Subject to By-laws 6, 7 and 37.2, the ESOS Option(s) or such part thereof will only vest to the ESOS Participant on the vesting date(s) if:
- (a) the ESOS Participant remains in employment by or appointment in the Prestariang Group as at the vesting date; and
 - (b) the other Vesting Conditions (if any) are fully and duly satisfied.
- 37.2 The LTIP Committee shall have the discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the LTIP Committee shall have the right to make reference to (among others) the audited results of the Prestariang Group, to take into account such factors as the LTIP Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, to amend any Vesting Conditions if the LTIP Committee decides that a changed performance target would be a fairer measure of performance.
- 37.3 Where the LTIP Committee has made the determination that the Vesting Conditions and all other stipulated conditions have been fulfilled (whether fully or partially) pursuant to the ESOS Option, the LTIP Committee shall notify the ESOS Participant of the number of ESOS Options vested and the vesting date of such ESOS Option. No ESOS Participant shall have any right to exercise any ESOS Options granted to the ESOS Participant until the ESOS Options are vested on the ESOS Participant pursuant to these By-Laws. The decision and/or

APPENDIX II – DRAFT BY-LAWS (CONT'D)

determination of the LTIP Committee on the vesting of the ESOS Option on the ESOS Participant pursuant to these By-Laws shall be final and conclusive.

- 37.4 Unless otherwise determined by the LTIP Committee if the Vesting Conditions are not fulfilled in accordance with the period as set out in the Award Letter, that ESOS Option(s) shall lapse and be of no value.

38. EXERCISE OF ESOS OPTIONS

- 38.1 Subject to By-laws 38.2 and 38.7, an ESOS Option can be exercised by the ESOS Participant by notice in the prescribed form to the Company on the first or fifteenth of every month during the Exercise Period in respect of all or any part of the Prestariang Shares comprised in the ESOS Option, such part being in multiples of one hundred (100) Prestariang Shares. For the avoidance of doubt, if the first or fifteenth day of any month shall fall on a day which is not a Market Day, then the notice in writing by the ESOS Participant to the Company shall be submitted on the Market Day immediately following the first or fifteenth of the said month. Any partial exercise of an ESOS Option shall not preclude the ESOS Participant from exercising the ESOS Option in respect of the balance of the Prestariang Shares comprised in the ESOS Option. In the event that an ESOS Participant's balance of ESOS Option(s) exercisable in accordance with these By-laws shall be less than 100 new Prestariang Shares, the said balance shall, if exercised, be exercised in a single tranche.
- 38.2 Subject to By-laws 13 and 17, the LTIP Committee may, at any time and from time to time, before and after an ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of Prestariang Shares and/or such percentage of the total Prestariang Shares comprised in the ESOS Option during such periods within the LTIP Period, subject to the exercise of the ESOS Option to any Vesting Condition determined by the LTIP Committee at its sole and absolute discretion including but not limited to performance/ service targets being achieved before an ESOS Option(s) can be exercised and/or impose any other terms and/or conditions (including the time period to exercise the ESOS Option) as the LTIP Committee may, in its sole discretion deem appropriate including amending or varying any terms or conditions imposed earlier.
- 38.3 Every such notice to exercise the ESOS Option referred to in By-law 38.1 shall be accompanied by a remittance in RM in the form of a bankers' draft or cashiers' order drawn and payable in Malaysia or any other from acceptable to the LTIP Committee for the full amount of subscription monies (calculated in accordance with the provisions of By-law 38) in relation to the number of Prestariang Shares in respect of which the written notice is given.
- 38.4 The Company shall allot and issue such new Prestariang Shares to the ESOS Participant in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment or transfer to the ESOS Participant and make an application for the listing of and quotation for the new Prestariang Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the ESOS Participant or such other period as may be prescribed by Bursa Securities.
- 38.5 The LTIP Committee, the Board of Prestariang and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in allotting and issuing of the new Prestariang Shares or in procuring Bursa Securities to list the new Prestariang Shares for which the ESOS Participant is entitled to subscribe or otherwise.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 38.6 The ESOS Participant who exercises his/her ESOS Option shall provide the LTIP Committee with his/her CDS Account number or the CDS Account number of his/her Authorised Nominee, as the case may be, in the notice referred to in By-law 38.1. The Prestariang Shares to be issued pursuant to the exercise of an ESOS Option will be credited directly into the CDS Account of the ESOS Participant or his/her Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS Account will be issued to the ESOS Participant within eight (8) Market Days from the receipt by the Company of the written notice of exercise of the ESOS Option together with the requisite remittance of monies and no physical share certificate will be issued.
- 38.7 In the event that an ESOS Participant is subject to a performance improvement plan ("**PIP**")/disciplinary proceedings (whether or not such PIP/disciplinary proceedings will give rise to a dismissal or termination of service) the LTIP Committee shall have the right, to suspend the ESOS Participant's ESOS Option from being vested and/or exercised pending the achievement of the stipulated improvement plan targets by the ESOS Participant/ the outcome of such disciplinary proceedings. The LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate having regard to the nature of the PIP/charges made or brought against the ESOS Participant **PROVIDED ALWAYS THAT:**
- (a) in the event that such ESOS Participant shall subsequently achieve the stipulated improvement plan targets/be found not guilty of the charges which give rise to such disciplinary proceedings, the LTIP Committee shall reinstate the rights of such ESOS Participant to be vested and/or to exercise his/her vested ESOS Option;
 - (b) in the event the ESOS Participant fails to achieve the stipulated improvement plan targets/disciplinary proceedings result in a recommendation for the dismissal or termination of service of such ESOS Participant, the ESOS Option (whether or not vested) shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such ESOS Participant notwithstanding that such recommendation may be subsequently challenged by the ESOS Participant in any other forum; and
 - (c) in the event such ESOS Participant only partially achieves the stipulated improvement plan targets/is found guilty but not dismissed or termination of service is not recommended, the LTIP Committee shall have the right to determine at its discretion whether or not the ESOS Participant may continue to be vested and/or to exercise his/her ESOS Option and/or adjust such number of ESOS Options to be vested and if so, to impose such limits, terms and conditions as it deems appropriate, on such vesting and/or exercise.

The LTIP Committee may, after a warning /caution letter has been issued to an ESOS Participant by the relevant company within the Prestariang Group suspend the ESOS Participant's ESOS Option from being vested and/or exercised until such time as the LTIP Committee determines at its discretion whether or not the ESOS Participant may continue to be vested and/or exercise his/her ESOS Option and if so, whether to impose such limits, terms and conditions as the LTIP Committee deems appropriate, on such vesting and/or exercise.

For the purpose of this By-laws, an ESOS Participant shall be deemed to be subject to "disciplinary proceedings" if:

- (i) he/ she is suspended from work pending investigation into his/ her conduct;
- (ii) he/ she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (iii) such other instances as the LTIP Committee may deem as being subject to disciplinary proceedings.
- 38.8 All ESOS Options to the extent unexercised and/or unvested on the expiry or earlier termination of the LTIP Period applicable thereto shall lapse.
- 38.9 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the notice to exercise or inaccuracy in the CDS Account number provided shall result in the notice to exercise being rejected at the discretion of the LTIP Committee. The LTIP Committee shall inform the ESOS Participant of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the ESOS Participant shall not have deemed to have exercised his/her ESOS Option.
- 38.10 The Company, the Board and the LTIP Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing or crediting the Prestariang Shares or in procuring the relevant authorities to list and quote the Prestariang Shares subscribed for by an ESOS Participant (where applicable) or any delay in receipt or non-receipt by the Company of the notice to exercise the ESOS Options or for any errors in any ESOS Options or any other matters or dealings which are outside the control of the Company, the Board and/or the LTIP Committee.
- 38.11 Every ESOS Option shall be subjected to the condition that no Prestariang Shares shall be vested, issued and/or credited pursuant to the exercise of an ESOS Option if such vesting, issue and/or crediting would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the LTIP Period or such period as may be extended.
- 38.12 Notwithstanding anything to the contrary herein contained, the LTIP Committee shall at any time during the LTIP Period have the sole and absolute discretion to determine whether to purchase all but not part of the vested but unexercised ESOS Options from an ESOS Participant. The price payable for the purchase shall be:
- (a) the 3-month weighted average market price of Prestariang Shares immediately before the date of the notice of the purchase in excess of the Option Price for each vested but unexercised ESOS Options held by the ESOS Participant; or
 - (b) RM1.00 for all vested but unexercised ESOS Options held by the ESOS Participant,
- whichever is the higher.

Upon completion of the purchase of the vested but unexercised ESOS Options from the ESOS Participant all vested but unexercised ESOS Options purchased and all unvested ESOS Options held by that ESOS Participant shall lapse.

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PART C : SGP

39. SGP AWARDS

- 39.1 The LTIP Committee may, annually at any time during the duration of the Scheme as defined in By-law 6, grant an SGP Award(s) in writing to any Eligible Person (based on the criteria of allocation as set out in By-law 8) selected by the LTIP Committee which selection shall be at the absolute discretion of the LTIP Committee.
- 39.2 The actual number of Prestariang Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the LTIP Committee and, subject to any adjustments that may be made under By-law 13, shall not be less than one hundred (100) Prestariang Shares but not more than the Maximum Allowable Allocation and shall always be in multiples of one hundred (100) Prestariang Shares.
- 39.3 An SGP Award may be made upon such terms and conditions as the LTIP Committee may decide from time to time. Each SGP Award shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.
- 39.4 The LTIP Committee may state the following particulars in the Award Letter (where applicable):
- (a) the number of Prestariang Shares to be granted to the Eligible Person;
 - (b) the LTIP Period;
 - (c) the SGP Award Date;
 - (d) whether the SGP Award is conditional, the Vesting Conditions, the performance period, service period, vesting period, and vesting date(s) but in any event such period(s) and date(s) shall not be later than the Date of Expiry; and
 - (e) any other information deemed necessary by the LTIP Committee.
- 39.5 The LTIP Committee shall notify each SGP Participant of the SGP Award of such performance targets, performance period, service period, vesting period, Vesting Conditions, vesting date(s) or such other conditions to be stipulated by the LTIP Committee and the number of Prestariang Shares vested onto him/ her on the vesting dates PROVIDED THAT there may be excluded from such notice any information the disclosure of which the LTIP Committee shall reasonably consider would prejudice confidentiality.
- 39.6 Without prejudice to By-laws 17 and 18, in the event of an error on the part of the Company in stating any of the particulars referred to in By-laws 39.4 and/or 39.5, the Company shall issue a supplemental Award Letter, stating the correct particulars referred to in By-law 39.4 and/or 39.5 within one (1) month after discovery of the error.
- 39.7 Subject to By-law 39, nothing herein shall prevent the LTIP Committee from making more than one (1) SGP Award to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate number of Prestariang Shares which may be offered to any Eligible Person (inclusive of Prestariang Shares previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allocation of that Eligible Person as set out in By-law 8.
- 39.7 The LTIP Committee has the discretion not to make further additional SGP Awards.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 39.8 The SGP Awards shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Prestariang Group for any reason whatsoever prior to the acceptance of the SGP Awards by the Eligible Person in the manner set out in By-law 40.
- 39.9 After each adjustment following an alteration of the Company's share capital as stipulated in By-laws 13.1 and 13.2 and the Company informing the SGP Participant of such adjustment pursuant to By-law 13.5, upon the return by an SGP Participant of the original Award Letter to the Company, that letter shall be amended or a new Award Letter shall be issued within one (1) month from the date of return of the original Award Letter, to reflect the adjustment made to the number of Prestariang Shares granted to the SGP Participant.
- 39.10 The LTIP Committee may, by giving notice in writing to the Eligible Person, vary or waive the terms of any Vesting Condition, performance period, service period, vesting period or other conditions.
- 39.11 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the LTIP Committee to consider making, or to make, any SGP Award to any or all of the Eligible Persons.

40. ACCEPTANCE OF THE SGP AWARD

- 40.1 An SGP Award shall be valid for a period of thirty (30) calendar days from the SGP Award Date or such period as the LTIP Committee at its discretion, determines on a case to case basis ("**Validity Period**"). Acceptance of the said SGP Award by an Eligible Person shall be made by way of a written notice from the Eligible Person to the LTIP Committee in the form prescribed by the LTIP Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each SGP Award (regardless of the number of shares comprised therein).
- 40.2 In the event that the Eligible Person fails to accept the SGP Award or pay the acceptance consideration as set out in By-law 40.1 within the Validity Period and in the manner aforesaid, or in the event of death or cessation of employment of the Eligible Person or the Eligible Person becomes a bankrupt prior to his/her acceptance of the SGP Award(s), the said SGP Award shall be deemed to have lapsed. The Prestariang Shares comprised in such SGP Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person.
- 40.3 Upon acceptance of the SGP Award(s) by the Eligible Person(s), the SGP Award(s) will be vested to the SGP Participant(s) on the SGP vesting date during the duration of the Scheme, subject to the SGP Participant(s) fulfilling the vesting condition(s), if any, as determined by the LTIP Committee.

41. VESTING CONDITIONS

- 41.1 Subject to By-laws 6, 7 and 42.2, the Prestariang Shares comprised in the SGP Award or such part thereof will only vest to the SGP Participant on the vesting date(s) if:
- (a) the SGP Participant remains in employment with the Prestariang Group as at the vesting date; and
 - (b) the other Vesting Conditions (if any) are fully and duly satisfied.
- 41.2 The LTIP Committee shall have the discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded, and in making any such

APPENDIX II – DRAFT BY-LAWS (CONT'D)

determination, the LTIP Committee shall have the right to make reference to (among others) the audited results of the Prestariang Group, to take into account such factors as the LTIP Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, to amend any Vesting Conditions if the LTIP Committee decides that a changed performance target would be a fairer measure of performance.

- 41.3 Where the LTIP Committee has made the determination that the Vesting Conditions and all other stipulated conditions have been fulfilled (whether fully or partially) pursuant to the SGP Award, the LTIP Committee shall notify the SGP Participant of the number of Prestariang Shares vested or which will be vested to the SGP Participant on the vesting date of such Prestariang Shares. No SGP Participant shall have any right to or interest in the Prestariang Shares granted to him unless and until the Prestariang Shares are vested in him on and with effect from the date of vesting of the said Prestariang Shares. The decision and/or determination of the LTIP Committee on the vesting of the Prestariang Shares on the SGP Participant pursuant to these By-Laws shall be final and conclusive.
- 41.4 Unless otherwise determined by the LTIP Committee if the Vesting Conditions are not fulfilled in accordance with the period as set out in the Award Letter, that SGP Award shall lapse and be of no value.
- 41.5 For the avoidance of doubt, the Prestariang Shares will vest with the SGP Participants at no cost to the SGP Participants upon acceptance of the SGP Award by the SGP Participants and fulfilment of the Vesting Conditions and all other conditions as stipulated Clause 41.2 (if any).

42. DELIVERY OF PRESTARIANG SHARES

- 42.1 In respect of Prestariang Shares which are vested onto a SGP Participant pursuant to By-law 41, the Company shall as soon as reasonably practicable following the date of vesting, credit such Prestariang Shares to the SGP Participant's CDS Account in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice stating such number of Prestariang Shares credited into the CDS Account of the SGP Participant. Where new Prestariang Shares are to be allotted and issued following the vesting, the Company shall allot and issue and/or transfer such Prestariang Shares to the SGP Participant in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment or transfer to the SGP Participant and make an application for the listing of and quotation for the new Prestariang Shares.
- 42.2 The LTIP Committee, the Board of Prestariang and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in crediting the Prestariang Shares.
- 42.3 The SGP Participant shall provide the LTIP Committee with his/her CDS Account number or the CDS Account number of his/her Authorised Nominee, as the case may be. The Prestariang Shares to be credited pursuant to the vesting will be credited directly into the CDS Account of the SGP Participant or his/her Authorised Nominee, as the case may be and a notice stating the number of shares credited into such CDS Account will be issued to the SGP Participant and no physical share certificate will be issued.
- 42.4 In the event that a SGP Participant is subject to a PIP/ disciplinary proceedings (whether or not such PIP/disciplinary proceedings will give rise to a dismissal or termination of service) the LTIP Committee shall have the right, to suspend the SGP Participant's SGP Award from being vested pending the achievement of the stipulated improvement plan targets by the SGP Participant/ the outcome of such disciplinary proceedings. The LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate having regard to

APPENDIX II – DRAFT BY-LAWS (CONT'D)

the nature of the PIP/charges made or brought against the SGP Participant **PROVIDED ALWAYS THAT:**

- (a) in the event that such SGP Participant shall subsequently achieve the stipulated improvement plan targets/be found not guilty of the charges which give rise to such disciplinary proceedings, the LTIP Committee shall reinstate the rights of such SGP Participant to continue to hold or be vested his/her SGP Award;
- (b) in the event the SGP Participant fails to achieve the stipulated improvement plan targets/disciplinary proceedings result in a recommendation for the dismissal or termination of service of such SGP Participant, the SGP Award shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such SGP Participant notwithstanding that such recommendation may be subsequently challenged by the SGP Participant in any other forum; and
- (c) in the event such SGP Participant only partially achieves the stipulated improvement plan targets/ is found guilty but not dismissed or termination of service is not recommended, the LTIP Committee shall have the right to determine at its discretion whether or not the SGP Participant may continue hold or be vested his/her SGP Award and/or adjust such number of SGP Awards to be vested and if so, to impose such limits, terms and conditions as it deems appropriate, on such vesting.

The LTIP Committee may, after a warning /caution letter has been issued to a SGP Participant by the relevant company within the Prestariang Group suspend the SGP Participant's SGP Award from being vested until such time as the LTIP Committee determines at its discretion whether or not the SGP Participant may continue to be vested Prestariang Shares under his/her SGP Award and if so, whether to impose such limits, terms and conditions as the LTIP Committee deems appropriate, on such vesting.

For the purpose of this By-laws, an SGP Participant shall be deemed to be subject to "disciplinary proceedings" if:

- (i) he/ she is suspended from work pending investigation into his/ her conduct;
- (ii) he/ she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or
- (iii) such other instances as the LTIP Committee may deem as being subject to disciplinary proceedings.

42.5 All SGP Awards to the extent invested on the expiry or earlier termination of the LTIP Period applicable thereto shall lapse.

42.6 The Company, the Board and the LTIP Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in crediting the Prestariang Shares or in procuring the relevant authorities to list and quote the Prestariang Shares subscribed for by a SGP Participant (where applicable) or any delay in receipt or non-receipt by the Company of the notice or for any errors in any SGP Awards or any other matters or dealings which are outside the control of the Company, the Board and/or the LTIP Committee.

42.7 Every SGP Award shall be subjected to the condition that no Prestariang Shares shall be vested and/or credited pursuant to a SGP Award if such vesting and/or crediting would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the LTIP Period or such period as may be extended.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 42.8 Notwithstanding anything to the contrary herein contained, the LTIP Committee shall at any time during the LTIP Period have the sole and absolute discretion to determine whether to purchase all or part of the unvested SGP Awards from the SGP Participant. The price payable for the purchase shall be the 3-month weighted average market price of Prestariang Shares immediately before the date of the notice of the purchase. Upon completion of the purchase, all unvested SGP Awards held by that SGP Participant (if any) shall lapse.

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THE SCHEDULE

In addition to By-law 13.1 and not in derogation thereof, the Option Price and the number of Prestariang Shares relating to the ESOS Option so far unvested and/or unexercised and/or relating to an SGP Award in so far as unvested shall from time to time be adjusted by the LTIP Committee in accordance with the following relevant provisions in consultation with an Adviser and/or an auditor:

- (a) If and whenever a Prestariang Share by reason of any consolidation or subdivision (including if so permitted by the relevant authorities, a subdivision by way of a bonus issue by the Company of Prestariang Shares without capitalisation of profits or reserves) or conversion occurs, the Option Price shall be adjusted and the adjusted number of Prestariang Shares relating to the ESOS Option / SGP Award (where applicable) to be issued or transferred shall be calculated in accordance with the following formula:

(i) New Option Price = $\frac{S \times L}{M}$

(ii) Additional number of Prestariang Shares = $\frac{T \times M}{L} - T$

Where:

L = the aggregate number of Prestariang Shares in issue and fully paid-up immediately prior to the consolidation or subdivision or conversion; and

M = the aggregate number of Prestariang Shares in issue and fully paid-up immediately after such consolidation or subdivision or conversion; and

S = existing Option Price; and

T = Existing number of Prestariang Shares relating to the ESOS Option/ SGP Award; and

Each such adjustment will be effective from the day on which the consolidation or subdivision or conversion becomes effective.

- (b) If whenever the Company shall make any issue of Prestariang Shares to ordinary shareholders for which no consideration is payable or which are credited as fully paid, by way of capitalisation of profits or reserves (other than an issue of Ordinary Shares to its members who had an option to take cash or other dividend in lieu of the relevant Ordinary Shares), the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{(A + B)}$$

and the adjusted number of Prestariang Shares relating to the ESOS Option to be issued / the additional number of Prestariang Shares to be vested and transferred under the SGP Award shall be calculated as follows:

APPENDIX II – DRAFT BY-LAWS (CONT'D)

$$\text{Additional number of Prestariang Shares} = \frac{T \times (A + B)}{A} - T$$

where

A = the aggregate number of issued and fully paid-up Prestariang Shares on the Entitlement Date immediately before such capitalisation;

B = the aggregate number of Prestariang Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (other than an issue of Ordinary Shares to its members who had an option to take cash or other dividend in lieu of the relevant Ordinary Shares);

S = as above.

T = as above.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets or involving any purchase by the Company of its own Ordinary Shares in accordance with the Companies Act 2016 (Act 777) and all other applicable laws and regulations); or
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Prestariang Shares by way of rights; or
 - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Prestariang Shares or securities with rights to acquire or subscribe for Prestariang Shares,

then and in respect of each such case, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in Clause (c)(ii) above, the adjusted number of Prestariang Shares comprised in the ESOS Option to be issued / the adjusted number of Prestariang Shares to be vested and transferred under a SGP Award shall be calculated as follows:

$$\text{Adjusted Number of Prestariang Shares} = \left[\frac{T \times C}{C - D^*} \right]$$

where

T = as above;

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- C = the Current Market Price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the announcement of the Entitlement Date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (i) in the case of an offer or invitation to acquire or subscribe for Prestariang Shares by way of rights under Clause (c)(ii) above or for securities convertible into Prestariang Shares or securities with rights to acquire or subscribe for Prestariang Shares under Clause (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (ii) in the case of any other transaction falling within Clause (c), the fair market value, as determined by the Adviser and/or an auditor, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (i) of D above, the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = as C above;
- E = the subscription consideration for one (1) additional Share under the terms of such of offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;
- F = the number of Prestariang Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into rights to acquire or subscribe for one (1) additional Share; and
- D* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of definition D* above, the “value of rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

- C = as C above;
- E* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and
- F* = the number of Prestariang Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

For the purpose of Clause (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividend) or by way of issue of Prestariang Shares (not falling under Clause (b)) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (but excluding an issue of Ordinary Shares to its members who had an option to take cash or other dividend in lieu of the relevant Ordinary Shares).

Any distribution out of profits or reserves made (whenever paid) shall be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Effective Date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to its ordinary shareholders as provided in Clause (c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to its ordinary shareholders as provided in Clause (c)(ii) above and the entitlement date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the adjusted number of Prestariang Shares relating to the ESOS Option to be issued / Prestariang Shares to be vested and transferred under the SGP Award shall be calculated as follows:

$$\text{Adjusted Number of Shares (ESOS Option)} = T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of Prestariang Shares (SGP Award)} = \frac{T \times (G + H + B) \times C}{(G \times C) + (H \times I)}$$

Where:

B = as B above;

C = as C above;

G = the aggregate number of issue and fully paid-up Prestariang Shares on the Entitlement Date;

H = the aggregate number of new Prestariang Shares under an offer or invitation to acquire or subscribe for Prestariang Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Prestariang Shares or rights to acquire or subscribe for Prestariang Shares, as the case may be;

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- H* = the aggregate number of new Prestariang Shares under an offer or invitation to acquire or subscribe for Prestariang Shares by way of rights;
- I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Prestariang Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Prestariang Share, as the case may be;
- I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Prestariang Shares; and
- T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Prestariang Shares as provided in Clause (c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shareholders as provided in Clause (c)(iii) above, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the adjusted number of Prestariang Shares relating to the ESOS Option to be issued / Prestariang Shares to be vested and transferred under the SGP Award shall be calculated as follows:

$$\text{Adjusted Number of Prestariang Shares (ESOS Option)} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of Prestariang Shares (SGP Award)} = \frac{T \times (G + H + J) \times C}{(G \times C) + (H \times I) + (J \times K)}$$

where:

- C = as C above;
- G = as G above;
- H = as H above;
- H* = as H* above;
- I = as I above;
- I* = as I* above;
- J = the aggregate number of Prestariang Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Prestariang Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Prestariang Share; and

APPENDIX II – DRAFT BY-LAWS (CONT'D)

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to acquire or subscribe for Prestariang Shares to its ordinary shareholders as provided in Clause (c)(ii) above, together with rights to acquire or subscribe for Prestariang Shares as provided in Clause (c)(iii) above, and the book closure date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the adjusted number of Prestariang Shares relating to the ESOS Option to be issued / Prestariang Shares to be vested and transferred under the SGP Award shall be calculated as follows:

$$\text{Adjusted Number of Prestariang Shares (ESOS Option)} = \frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of Prestariang Shares (SGP Award)} = \frac{T \times (G + H + J + B) \times C}{(G \times C) + (H \times I) + (J \times K)}$$

where:

B = as B above;
C = as C above;
G = as G above;
H = as H above;
H* = as H* above;
I = as I above;
I* = as I* above;
J = as J above;
K = as K above; and
T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under Clauses (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Prestariang Shares or any securities convertible into new Prestariang Shares or with rights to acquire or subscribe for Prestariang Shares, and in any such case, the Total Effective Consideration per Prestariang Share (as defined below) is less than 90% of the Average Price (as defined below) for one (1) Prestariang Share or, as the case may be, the price at which the Prestariang Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price for the ESOS Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where:

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- L = the number of Prestariang Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Prestariang Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Prestariang Shares so issued or, in the case of securities convertible into Prestariang Shares or securities with rights to acquire or subscribe for Prestariang Shares, the maximum number (assuming no adjustment of such rights) of Prestariang Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of this paragraph (g), the "Total Effective Consideration" shall be determined by the LTIP Committee with the concurrence of the external auditors shall be:

- (i) in the case of the issue of Prestariang Shares, the aggregate consideration receivable by the Company on payment in full for such Prestariang Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into new Prestariang Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Prestariang Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Prestariang Share" shall be the Total Effective Consideration divided by the number of new Prestariang Shares issued as aforesaid or, in the case of securities convertible into new Prestariang Shares or securities with rights to acquire or subscribe for new Prestariang Shares, by the maximum number of new Prestariang Shares issuable on full conversion of such securities or in full of such rights.

For the purpose of this paragraph (g), "Average Price" of a Prestariang Share shall be the average market price of one (1) Prestariang Share as derived from the last traded prices for one (1) or more board lots of Prestariang Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Prestariang Shares is determined. Such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the subscription price of such Prestariang Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

- (f) For the purpose of this Schedule:
- (i) "Current Market Price" means in relation to each Prestariang Share for any relevant day the five (5) day volume weighted average market price for each Prestariang Share on Bursa Securities for the five (5) consecutive Market Days before such date for one or more board lots of Prestariang Shares on Bursa Securities or in such other

APPENDIX II – DRAFT BY-LAWS (CONT'D)

manner as may from time to time be stipulated in any guidelines prescribed by any competent authorities, if any.

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APPENDIX III – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and our Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Zaid Ibrahim & Co., being the Solicitor for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, letter and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given their written confirmation that there are no situations of conflict of interests that exist or is likely to exist in relation to its role as the Adviser to Prestariang for the Proposals.

Zaid Ibrahim & Co. has given their written confirmation that there are no situations of conflict of interests that exist or is likely to exist in relation to its role as the Solicitor to Prestariang for the Proposals.

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group.

- i. **Kuala Lumpur High Court Civil Suit No.: WA24NCVC-2312-11/2019**
Prestariang Skin Sdn. Bhd.Plaintiff
The Government of Malaysia ("Government")Defendant

Prestariang Skin Sdn Bhd, a wholly owned subsidiary of Prestariang Services Sdn Bhd, which in turn is owned by Pretariang, entered into a concession agreement dated 9 August 2017 ("**Concession Agreement**") with the Government as represented by the Ministry of Home Affairs in relation to the implementation of SKIN project. The relevant announcements had been made to Bursa Securities by Prestariang on 20 November 2015, 24 November 2015, 26 November 2015 and 18 November 2016.

On 12 December 2018, Prestariang announced that Prestariang Skin Sdn Bhd received a letter from the Ministry of Home Affairs dated 11 December 2018, confirming the decision to terminate the SKIN project by way of expropriation.

APPENDIX III – FURTHER INFORMATION (CONT'D)

On 22 January 2019, Prestariang announced that in accordance with the terms of the Concession Agreement, Prestariang Skin Sdn Bhd is entitled to compensation in accordance with the formula set out in the Concession Agreement as Prestariang Skin Sdn Bhd is not in default of the Concession Agreement. However, both parties were unable to reach an agreement. On 15 April 2019, Prestariang Skin Sdn Bhd commenced legal proceedings against the Government by way of an Originating Summons in relation to the termination of the Concession Agreement by the Government by way of expropriation pursuant to Clause 31.1 of the Concession Agreement, to seek for, among others, the following orders from the Court:

- a. a declaration that the Defendant, the Government, is under an obligation to pay to the Plaintiff a sum representing the present value of the availability charges for the remaining unexpired concession period discounted at weighted average cost of capital of the Plaintiff as at the termination date of 22 January 2019 ("**Termination Date**"), in accordance with Clause 28.3.1(b)(iii) read together with Appendix 14 of the Concession Agreement and Schedule 1 of the Supplemental Agreement dated 11 April 2018 ("**Supplemental Agreement**");
- b. a declaration that the sum payable by the Defendant to the Plaintiff pursuant to Clauses 28.3.1(b)(iii), 31 and Appendix 14 of the Concession Agreement and Schedule 1 of the Supplemental Agreement is RM732,860,194.00, or any such sum as ordered by the Court; and
- c. an order that the Defendant makes payment to the Plaintiff of the sum of as declared and ordered by the Court in respect of item (b) above, not later than six (6) months after the Termination Date i.e. on or before 22 July 2019, in compliance with Clause 28.3.1(b)(iii) of the Concession Agreement.

The sealed Originating Summons was served on the Government on 25 April 2019. On 19 June 2019, the Court granted a protective order in favour of Prestariang Skin Sdn Bhd's application.

On 12 July 2019, the Government filed an application to convert the Originating Summons into a Writ action, which had been heard by the High Court Judge on 25 September 2019. On 30 October 2019, the High Court Judge dismissed the Government's application and awarded costs to Prestariang Skin Sdn. Bhd.

The Government appealed against the High Court Judge's decision dismissing its application on 30 October 2019. On 10 June 2020, the Court of Appeal found that there was no merit to Government's appeal and awarded costs Prestariang Skin Sdn. Bhd. In dismissing the Government's appeal, the Court of Appeal held that the Government would not suffer any prejudice with Prestariang Skin Sdn Bhd's action continuing by way of Originating Summons in light of the directions given by the High Court Judge to allow for the cross-examination of the various deponents as well as for expert evidence to be tendered.

The hearing of the Originating Summons and cross-examination of the deponents of affidavits have been fixed on 21 January 2021, 22 January 2021, 29 January 2021 and 26 February 2021. A case management has also been fixed on 30 November 2020.

Prestariang's solicitors are of the view that Prestariang Skin Sdn Bhd has reasonable prospects of success in its claims against the Government.

APPENDIX III – FURTHER INFORMATION (CONT'D)

Separately, Prestariang Skin Sdn Bhd and the Government have also agreed to refer the dispute in respect of Prestariang Skin Sdn Bhd's Originating Summons to a court-annexed mediation conducted by the Kuala Lumpur Court Mediation Centre. The parties agreed that the mediation process shall proceed concurrently with the court proceedings. On 30 October 2019, representatives from Prestariang Skin Sdn Bhd and the Government (with parties' respective Counsel) attended the first mediation session. A further mediation session between the parties has yet to be fixed.

5. MATERIAL COMMITMENTS

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

	RM'000
Performance guarantee extended by a subsidiary to third party	13,750
Compensation to a vendor due to project termination	7,291
Dividend payable to redeemable preference shares	28,800
Special coupon on RSLs	1,000
	<u><u>50,841</u></u>

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Prestariang at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitution of Prestariang;
- ii. Audited consolidated financial statements of our Group for the FYE 31 December 2016, the FYE 31 December 2017, the 18-month FPE 30 June 2019 and the latest unaudited quarterly results for the 12-month FYE 30 June 2020;
- iii. The letters of consent and declaration of conflict of interests referred to in Sections 2 and 3 above, respectively;
- iv. The draft By-Laws, as set out in Appendix II of this Circular;
- v. The Deed Poll; and
- vi. Relevant cause papers in respect of our Company's material litigation set out in Section 4 of this Appendix.



PRESTARIANG BERHAD
(Registration No. 201001038336 (922260-K))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("EGM") of Prestariang Berhad ("Prestariang" or the "Company") will be held on a fully virtual basis at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 15 September 2020 at 3:00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF 79,579,740 NEW ORDINARY SHARES IN PRESTARIANG ("PRESTARIANG SHARE(S)" OR "SHARE(S)") ("PLACEMENT SHARE(S)") AT AN ISSUE PRICE OF RM0.350 PER PLACEMENT SHARE TOGETHER WITH 79,579,740 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 PLACEMENT SHARE ISSUED ("PROPOSED PRIVATE PLACEMENT WITH WARRANTS")

"THAT subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities being obtained, approval be and is hereby given to Prestariang to allot and issue 79,579,740 new Placement Shares to Dr. Abu Hasan Bin Ismail, who is the Non-Independent Executive Director, President/ Group Chief Executive Officer of Prestariang, at an issue price of RM0.350 per Placement Share together with 79,579,740 free Warrants on the basis of 1 Warrant for every 1 Placement Share issued;

THAT the Placement Shares shall upon allotment and issuance, rank equally in all respects with the existing Prestariang Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares;

THAT the new Prestariang Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Prestariang Shares, save and except that the new Prestariang Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the relevant date of allotment and issuance of the said new Prestariang Shares;

THAT the proceeds of the Proposed Private Placement with Warrants be utilised for the purpose as set out in the circular to shareholders dated 28 August 2020 ("Circular"), and the Board of Directors of Prestariang ("Board") be and is hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board deem fit, necessary and/ or expedient or in the best interest of the Company, subject (where required) to the approval of the relevant authorities;

THAT the admission of the Warrants to the official list of Bursa Malaysia Securities Berhad as well as the listing of and quotation for the Placement Shares, the Warrants and the new Prestariang Shares to be issued arising from the exercise of the Warrants shall be listed on the Main Market of Bursa Malaysia Securities Berhad;

THAT the Directors of the Company be and are hereby authorised to enter into and execute the deed poll constituting the Warrants ("Deed Poll") with full powers to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Directors of the Company, and with full powers to implement and give effect to the terms and conditions of the Deed Poll;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Private Placement with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Private Placement with Warrants".

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 176,843,866 NEW PRESTARIANG SHARES ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM 0.200 PER RIGHTS SHARE, ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 3 EXISTING PRESTARIANG SHARES HELD, TOGETHER WITH UP TO 176,843,866 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, where required, approval be and is hereby given to the Board for the following:-

- i. to provisionally allot and issue by way of a renounceable rights issue of up to 176,843,866 Rights Shares on the basis of 1 Rights Share for every 3 existing Prestariang Shares held, together with up to 176,843,866 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for on an Entitlement Date;
- ii. to allot and issue such number of new Prestariang Shares arising from the exercise of the Warrants, from time to time during the tenure of the Warrants, in accordance with the provisions of the Deed Poll;
- iii. to allot and issue such further Warrants and new Prestariang Shares arising from the exercise of such further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/ or as may be required by the relevant authorities; and
- iv. to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad for the listing and quotation for the new Prestariang Shares which may from time to time be allotted and issued arising from the exercise of the Warrants;

THAT the proceeds arising from the Proposed Rights Issue with Warrants be utilised for the purpose as set out in the Circular, and the Board be and is hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board deem fit, necessary and/ or expedient or in the best interest of the Company, subject (where required) to the approval of the relevant authorities;

THAT any fractional entitlements of the Rights Share and Warrants, if any, will be dealt with in such manner and on such terms and conditions as the Board shall in its absolute discretion deems fit or expedient and in the best interest of the Company;

THAT the Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing Prestariang Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Rights Shares;

THAT the new Prestariang Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Prestariang Shares, save and except that the new Prestariang Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the said new Prestariang Shares;

THAT the Directors of the Company be and are hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Directors of the Company, and with full powers to implement and give effect to the terms and conditions of the Deed Poll;

AND THAT, the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants".

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN, WHICH COMPRISES THE PROPOSED EMPLOYEE SHARE OPTION SCHEME ("PROPOSED ESOS") AND THE PROPOSED SHARE GRANT PLAN ("PROPOSED SGP"), OF UP TO 15% OF THE ISSUED SHARE CAPITAL OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE LONG TERM INCENTIVE PLAN, FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF PRESTARIANG AND ITS SUBSIDIARY COMPANIES, WHICH ARE NOT DORMANT, WHO FULFIL THE ELIGIBILITY CRITERIA AS SET OUT IN THE BY-LAWS OF THE LONG TERM INCENTIVE PLAN ("ELIGIBLE PERSON(S))("PROPOSED LTIP")

"THAT, subject to the approvals of all relevant regulatory authorities being obtained (where applicable), and to the extent permitted by law and the Constitution of the Company, the Board, be and is hereby authorised and empowered to:-

- i. establish implement and administer the Proposed LTIP of up to 15% of the total number of issued Shares (excluding treasury shares, if any) of the Company at any point of time during the duration of the Proposed LTIP for the eligible Directors and employees of Prestariang and its subsidiaries ("Prestariang Group or the "Group") (excluding subsidiaries which are dormant, if any) in accordance with the provisions of the by-laws governing the Proposed LTIP ("By-Laws"), a draft of which is set out in Appendix II of the Circular, and to give full effect to the Proposed LTIP to assent to any conditions, variations, modifications and/ or amendments as may be required by the relevant authorities;
- ii. allot and issue and/ or transfer such number of Prestariang Shares from time to time to the Eligible Persons upon the award of Prestariang Shares in writing to the Executive Directors and/ or senior management of the Prestariang Group ("SGP Award(s)") and/ or exercise of the share options awarded in writing to the Eligible Persons ("ESOS Option(s)") to subscribe for new Prestariang Shares at prescribed option price, subject to the terms and conditions of the By-Laws ("ESOS Award(s)"), provided that the total number of such Prestariang Shares to be issued under the Proposed LTIP shall not in aggregate exceed 15% of the total number of issued Shares (excluding treasury shares, if any) of the Company at any point of time during the duration of the Proposed LTIP. (Collectively, the SGP Award(s) and ESOS Award(s) are referred to as "LTIP Award(s)");

Any new Prestariang Shares to be allotted and issued shall, upon allotment and issuance, rank equally in all respects with the existing Prestariang Shares and together with the transfer of any existing Prestariang Shares by the Company (vide treasury shares) pursuant to the vesting of any SGP Award(s) or exercise of ESOS Option, shall be subject to the provisions of the Constitution of Prestariang and rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the existing Prestariang Shares, the record date for which is on or after the date on which the Prestariang Shares are transferred to the Central Depository System accounts of the Proposed LTIP participants and shall in all other respects rank equally with other existing Prestariang Shares in issue;

- iii. add, amend, modify and/ or delete all or any part of the terms and conditions as set out in the By-Laws governing the Proposed LTIP from time to time provided that such addition, amendment, modification and/ or deletion are effected in accordance with the provisions of the By-Laws, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed LTIP;
- iv. extend the duration of the Proposed LTIP for a period of up to another 5 years, provided always that such extension of the Proposed LTIP made in accordance with the provisions of the By-Laws shall not in aggregate exceed a duration of 10 years from the date the Proposed LTIP takes effect; and

- v. do all things necessary and make the necessary applications to Bursa Malaysia Securities Berhad for the listing of and quotation for new Prestariang Shares that may, hereafter from time to time, be allotted and issued under the Proposed LTIP;

THAT the Board be and is hereby authorised to give effect to the Proposed LTIP with full power to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things as they may consider necessary and/ or expedient to implement, finalise and give full effect to the Proposed LTIP;

AND THAT the draft By-Laws as set out in Appendix II of the Circular and which is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), be and is hereby approved and adopted".

ORDINARY RESOLUTIONS 4 TO 9

PROPOSED ALLOCATION OF LTIP AWARDS TO THE DIRECTORS OF PRESTARIANG

"THAT, subject to the passing of the Ordinary Resolution 3 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the LTIP committee, from time to time throughout the duration of the Proposed LTIP, to offer and grant the following Directors, ESOS Options and/ or Prestariang Shares pursuant to the Proposed SGP under the Proposed LTIP, in accordance with the Listing Requirements (where applicable) or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time, for the purposes as set out in the Circular and subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws:-

No.	Name	Ordinary Resolutions
i.	Paul Chan Wan Siew	Ordinary Resolution 4
ii.	Ramanathan A/L Sathiamutty	Ordinary Resolution 5
iii.	Ginny Yeow Mei Ying	Ordinary Resolution 6
iv.	Baldesh Singh A/L Manmohan Singh	Ordinary Resolution 7
v.	Professor Emeritus Dato' Dr. Hassan Bin Said	Ordinary Resolution 8
vi.	Hafidah Aman Binti Hashim	Ordinary Resolution 9

Provided always that:-

- i. he/ she does not participate in the deliberation or discussion of his/ her own allocation;
- ii. not more than 10% of the new Prestariang Shares which may be made available under the Proposed LTIP shall be allocated to him/ her, if he/ she, either singly or collectively through persons connected to him/ her, holds 20% or more of the issued shares of Prestariang; and
- iii. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws, the Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time;

AND THAT the Board is also authorised to issue and/ or transfer via treasury shares the corresponding number of Prestariang Shares arising from the exercise of the ESOS Options and/ or pursuant to the SGP Award that may be awarded to him/ her under the Proposed LTIP."

By Order of the Board

CHUA SIEW CHUAN (SSM PC No. 201908002648)(MAICSA 0777689)
LIM LIH CHAU (SSM PC No. 201908001454)(LS 0010105)
Company Secretaries

Kuala Lumpur
Dated: 28 August 2020

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 September 2020 shall be eligible to attend the EGM ("Meeting").*
2. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to the Meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
3. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.*

As guided by the Securities Commission's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/relevant adviser during the Meeting.

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *Appointment of proxy and registration for remote participation and voting*
The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-20949940 and/or 03-20950292 or emailed to info@sshsb.com.my, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof. The proxy form may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my/>. All resolutions set out in this notice of meeting are to be voted by poll.

Should you wish to personally participate at the EGM remotely, please register electronically via Securities Services e-Portal at <https://www.sshsb.net.my/> by registration cut-off date and time.

Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting available for download at https://prestarianq.listedcompany.com/shareholders_meeting.html for further details.



PRESTARIANG BERHAD
(Registration No. 201001038336 (922260-K))
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
Number of ordinary shares	

*I/We (full name), _____ E-mail: _____ Telephone No: _____

bearing *NRIC No./Passport No./Company No. _____

of (full address) _____

being a *member/members of Prestariang Berhad ("the Company") hereby appoint:-

First Proxy "A"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
E-mail:			
Telephone No.:			
Full Address			

*and

Second Proxy "B"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
E-mail:			
Telephone No.:			
Full Address			

100%

to put on a separate sheet where there are more than two (2) proxies.

*or the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 15 September 2020 at 3:00 p.m. and at any adjournment thereof.

*(Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/her discretion.)*

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	PROPOSED PRIVATE PLACEMENT WITH WARRANTS		
2.	PROPOSED RIGHTS ISSUE WITH WARRANTS		
3.	PROPOSED LTIP		
4.	PROPOSED ALLOCATION OF LTIP AWARDS TO PAUL CHAN WAN SIEW		
5.	PROPOSED ALLOCATION OF LTIP AWARDS TO RAMANATHAN A/L SATHIAMUTTY		
6.	PROPOSED ALLOCATION OF LTIP AWARDS TO GINNY YEOW MEI YING		
7.	PROPOSED ALLOCATION OF LTIP AWARDS TO BALDESH SINGH A/L MANMOHAN SINGH		
8.	PROPOSED ALLOCATION OF LTIP AWARDS TO PROFESSOR EMERITUS DATO' DR. HASSAN BIN SAID		
9.	PROPOSED ALLOCATION OF LTIP AWARDS TO HAFIDAH AMAN BINTI HASHIM		

As witness my/our hand(s) this day _____ of _____, 2020.

**strike out whichever not applicable*

*Signature of Member/Common Seal



Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 September 2020 shall be eligible to attend the EGM ("Meeting").*
2. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to the Meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
3. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.*

As guided by the Securities Commission's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/relevant adviser during the Meeting.

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
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Fold this flap for sealing

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AFFIX
STAMP

PRESTARIANG BERHAD
(Registration No. 201001038336 (922260-K))
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

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