

PRESTARIANG BERHAD ("PRESTARIANG" OR THE "COMPANY")

THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN OPEN LEARNING LIMITED (THE "DISPOSAL")

1. Introduction

With reference to the announcement made by the Company on 5 September 2017, the Company announced that Prestariang Capital Sdn Bhd ("**Prestariang Capital**"), a wholly-owned subsidiary of the Company had on 5 September 2017 entered into a Subscription Agreement with OpenLearning Global Pte Ltd ("**OGPL**") and Adam Maurice Brimo, for the subscription of up to 5,000,000 new "A" Ordinary Shares ("**A Shares**") of OGPL and 3,069,578 convertible preference shares ("**CPS**"), for the purpose of venturing into the higher education cloud-based markets both domestically and regionally.

Further reference is made to the announcement made by the Company on 10 December 2019 whereby the Company announced that Prestariang Capital had on 4 November 2019, entered into a conditional Share Exchange Agreement (the "**Share Exchange Agreement**") with OpenLearning Limited ("**OLL**"), a company listed on the Australian Securities Exchange ("**ASX**"), Magna and other investors for the purpose of exchanging the total of 36.11% of the issued and paid-up share capital of OGPL held in aggregate by Prestariang Capital, Magna and Other to OLL. Resulting from this Share Exchange Agreement, Prestariang Capital received a total of 13,726,784 ordinary shares representing 9.83% equity interest in OLL in exchange for its shareholding in OGPL.

Further thereto, the Company now wishes to announce that Prestariang Capital had: -

- on 12 December 2019 disposed a total of 4,118,035 ordinary shares, representing 2.95% equity interest held in **OLL**, through an off-market block trade transaction at a price of AUD0.20 per share for gross cash proceeds of AUD823,607 ("**Disposal 1**"); and
- on 2 June 2020 entered into several separate agreements (the "**Agreements**") with several investors (the "**Investors**") for the disposal of a total of 9,608,749 ordinary shares, representing the remaining 6.88% equity interest held in OLL to the Investors via an off-market block trade transaction for a cash consideration of AUD0.20 per OLL share or a total of AUD1,921,749.80 (the "**Disposal 2**").

Disposal 1 and Disposal 2 together shall be referred to as (the "**Disposals**").

2. Salient facts of the Disposals

2.1 Disposal 1

A total of 4,118,035 OLL shares representing 2.95% equity interest in OLL were disposed on 12 December 2019 at a price of AUD0.20 per share via an open-market block trade transaction whereby total net proceeds of AUD815,370.93, after deducting for transaction cost, was received on 31 December 2019. The transaction was arranged by Canaccord Genuity Patersons Limited ("**Canaccord**") who was also the lead manager for the public offer of OLL shares on the ASX.

2.2 Disposal 2

Disposal 2 entails the disposal by Prestariang Capital of its entire remaining 6.88% equity interest held in OLL to the Investors listed below, comprising 9,608,749 ordinary shares at AUD0.20 per share for a total gross cash consideration of AUD1,921,749.80. The transaction will take place 5 market days from the date of the Agreements and the proceeds are expected to be received 3 market days later in accordance to ASX rules.

Prestariang Capital appointed Canaccord, who has the experience as the lead manager, agent/broker for the public offer of OLL shares, to source and negotiate with the Investors for Disposal 2 .

The list of Investors who are purchasing the shares for Disposal 2 is as set-out below: -

INVESTORS	SALE SHARES
Supaval Pty Ltd	125,000
Malahide Management Pty Ltd	191,029
Sandton Capital Pty Ltd	250,000
Individuals	275,000
Global Holdings Pty Ltd	1,000,000
Eight Investment Partners Pty Limited	2,767,720
Regal Funds Management Pty Limited	5,000,000
TOTAL	9,608,749

3 Information on OLL

OLL was incorporated in Australia and is listed on the ASX since 12 December 2019.

OLL is a company that is in the business of developing and operating an online education platform on a software-as-a-service (SaaS) business model whose primary customers are education providers based in Australia and Southeast Asia. OLL primarily operates in Australia, one of the world's leading higher education market and in Malaysia, one of the largest source countries for international students and an emerging higher education hub with the highest number of Australian and UK branch campuses in the world.

OPENLEARNING GLOBAL PTY LTD AUDITED FINANCIAL SUMMARY FOR FYE 31 DECEMBER 2019	
AUS\$	
FINANCIAL SUMMARY OF OLL	
Revenue	1,602,613
Loss for the year	(7,719,951)
Total assets	9,384,062
Total liabilities	2,110,698
Shareholders' fund	7,273,364

Shareholder Information

The twenty largest holders of OLL shares as at 23 March 2020, as extracted from OLL's Annual Report for the year ended 31 December 2019 are listed below:

Name	Ordinary Shares Number Held	% of issue shares
Magna Intelligent Sdn Bhd	10,580,058	7.58%
Prestariang Capital Sdn Bhd	9,608,749	6.88%
Clive Mayhew	8,288,754	5.93%
Adam Maurice Brimo	6,406,117	4.59%
Richard Buckland	5,094,288	3.65%
Australian Catholic University Limited	5,000,000	3.58%
National Nominees Limited	4,457,581	3.19%
Narron Pty Ltd <Yandle Super Fund A/C>	3,981,809	2.58%
David Andrew Collien	3,556,743	2.55%
Nicolette Harper	2,720,758	1.95%
Frank Noel Beaumont	2,367,021	1.69%
Sargon Ct Pty Ltd (Cyan C3g Fund)	2,167,865	1.55%

Authentics Australia Pty Ltd (Authentics Australia A/C)	1,666,666	1.19%
Merrill Lynch (Australia) Nominees Pty Ltd (Regal Emerging Co Fund)	1,666,666	1.19%
Citycorp Nominees Pty Limited	1,616,394	1.16%
Sandton Capital Pty Ltd (Sandton Family A/C)	1,483,333	1.06%
Nick Theodorakopoulos	1,250,000	0.90%
Orient Global Holdings Pty Ltd (Alnall A/C)	1,250,000	0.90%
Provecho Partners Pty Ltd	1,183,509	0.85%
Roderick De Aboitiz	1,170,336	0.84%
Bannen Limited	1,156,940	0.83%

As at 23 March 2020, the 20 largest shareholders held ordinary shares representing 55.72% of the issued share capital of OLL.

4 Basis of the sale consideration

4.1 Disposal 1

The sale price of AUD0.20 per OLL share was arrived at after negotiation on a "*willing seller, willing buyer*" basis and after taking into consideration the price of the initial public offer of OLL shares of AUD0.20.

4.2 Disposal 2

The sale price of AUD0.20 per OLL share was arrived at after negotiation on a "*willing seller, willing buyer*" basis after taking into consideration the closing market price of OLL shares on 28 May 2020 of AUD0.245, being the date the price were agreed with the Investors and after taking into consideration the average market price of OLL shares for the past 15 days up to 28 May 2020 of AUD0.227 per share.

The sale price of AUD0.20 represents a discount of approximately: -

- 18.4% off the closing market price on 28 May 2020 of AUD0.245
- 11.9% off the average market price for the past 15 days to 28 May 2020 of AUD0.227.

5 Date and original cost of investment

The dates and the original cost of investment in OGPL by the Company are as follows:-

Date of investment	Number of Ordinary Shares held in OGPL by the Company	Original Cost of Investment (RM)
3 November 2017	3,000,000 shares at AUD3,000,000.00 (10.71% interest)	9,884,503.00
9 February 2018	2,000,000 shares at AUD2,000,000.00 (5.96% interest)	6,172,000.00
Total		16,056,503.00
Financial Period Ended 30 June 2019	Fair Value Impairment	(7,630,000.00)

Quarter Ended 31 December 2019	Mark-to-Market Impairment	(550,076.00)
Carrying Value of OLL Investment		7,876, 427.00

6 Rationale and utilization of proceeds

6.1 Rationale

In tandem with the Group's business direction in the ICT and Education segment, the investment in OGPL was made in 2017 to capitalize on the expected growth potential of the on-line learning platform that OGPL provides. The Group still believes in the potential of OLL today but notes the general shift to online learning has taken longer than was initially expected. This has since improved with the closing of schools and universities since earlier this year due to the onset of COVID 19. Whilst this has reduced the cash burn rate at OLL it will require a further period of gestation before the investment in OLL will yield positive cashflow to the Group.

In the meantime, the immediate priority for the Group in rebuilding its financials following the cancelation of SKIN remains its liquidity and cash flow. As such the Group has had to adjust its priorities and embark on a business rationalisation which includes divestment of non-core assets to strengthen its liquidity position in the immediate term.

The cash realised from the Disposals will be used to increase its working capital for expansion of its Software & Services business. This will enable the Group to focus the Group's resources into its more profitable business segment and yield positive results in the immediate term.

6.2 Utilization of Proceeds

The net proceeds of Disposal 1 of AUD815,370.93, after deducting for transaction cost was received on 31 December 2019 and converted to RM2,299,034. The amount was utilised within 1 month as rolling working capital mainly to finance sales of the Software & Services business of the Group.

Disposal 2 will provide gross proceeds of AUD1,921,749.80.

Based on the current prevailing currency conversion rate, the gross proceeds is equivalent to approximately RM5.52 million that is planned to be mobilised within 1 month as rolling working capital to finance sales of the Software & Services business of the Group.

7. Risk factors

The risks mainly relate to movement in the foreign exchange rate for the Disposal 2 proceeds as there is a time gap of about 8 trading days from the date of the Agreements and the date the proceeds is expected to be received. The fluctuation in the exchange rate between Australian Dollar and Malaysian Ringgit will affect the actual amount of proceeds received. However, barring unforeseen circumstances, the exposure to the movement of the foreign exchange during this period is believed to be acceptable.

8. Effects of the Disposals

8.1 Net Assets, Net Assets per share, and Gearing

The Disposals are not expected to have any material effect on the net assets, net assets per share and gearing of the Group for the financial year ending 30 June 2020.

8.2 Earnings and earnings per share

The Disposals are not expected to have a material effect to the earnings per share of the Group for the financial year ending 30 June 2020. However, the Disposals will allow the Group to reallocate the Group's resources to its revenue generating Software & Services division. This is expected to enhance our earnings per share to a greater, more positive effect in the immediate term.

8.3 Expected gain/(loss) from the Disposal

The Disposals will result in a no gain no loss as illustrated below: -

TRANSACTIONS	RM
Disposal 1 gross proceeds	2,362,928
Disposal 2 gross proceeds	<u>5,513,499</u>
Subtotal	7,876,427
Less carrying value of OLL investment	<u>(7,876,427)</u>
Gain /(Loss) from disposal	-

9. Approvals required

The Disposals are not subject to the approval of the shareholders of Prestariang and is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

Based on the audited consolidated financial statements of Prestariang Capital and the Group for Financial Period ended 30 June 2019, the highest percentage ratio applicable for the Disposals pursuant to Chapter 10.02(g) of the Bursa Malaysia Main Market Listing Requirements is 14.81%.

10. Interests of Directors, Major Shareholder and Persons Connected

None of the Directors, major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Disposals.

11. Statement by the Board of Directors

The Board of Directors of the Company, having considered the rationale of the Disposals and the expected positive effect to the Group's future earnings per share, is of the view that the Disposals are in the best interest of the Company and its shareholders.

12. Estimated timeline for completion

Barring unforeseen circumstances, the Company estimates that the Disposal will be completed within the financial year ending 30 June 2020.

13. Documents available for inspection

The Agreements for Disposal 2 are available for inspection at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 3 June 2020.