

PRESTARIANG BERHAD (“PRESTARIANG BERHAD” OR THE “COMPANY”)

PROPOSED BONUS ISSUE OF 220.0 MILLION NEW ORDINARY SHARES OF RM0.10 EACH IN PRESTARIANG BERHAD (“PRESTARIANG BERHAD SHARES”) (“BONUS SHARES”) ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY ONE (1) EXISTING PRESTARIANG BERHAD SHARE HELD BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”)

1. INTRODUCTION

On behalf of the Board of Directors of Prestariang Berhad (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that Prestariang Berhad is proposing to undertake the Proposed Bonus Issue.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and Quantum

The Proposed Bonus Issue will entail the issuance of 220.0 million Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every one (1) existing Prestariang Berhad Share held by the shareholders of Prestariang Berhad whose names appear in Prestariang Berhad’s Record of Depositors (“**Entitled Shareholders**”) on a date to be determined by the Board and announced later (“**Entitlement Date**”).

The 220.0 million Bonus Shares takes into account the entire issued and paid-up share capital of the Company of RM22.0 million comprising 220.0 million Prestariang Berhad Shares as at the latest unaudited consolidated financial statements for the financial year ended (“**FYE**”) 31 December 2013.

In any event, the actual number of Bonus Shares to be issued will be determined based on the issued and paid-up share capital of the Company as at the Entitlement Date.

The Entitlement Date will be determined and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue. The Proposed Bonus Issue is not intended to be implemented on a staggered basis.

2.2 Capitalisation of reserves

The Proposed Bonus Issue is to be effected by way of capitalising the Company’s share premium account and retained profits.

For illustration purposes, the proforma effects of the Proposed Bonus Issue on the share premium account and retained profits based on our Company’s latest unaudited consolidated financial statements for the FYE 31 December 2013 is as follows:

Company Level	Unaudited as at 31 December 2013 (RM’000)	Receipt of Dividend (RM’000)	Proforma (I)	Proposed Bonus Issue (RM’000)	Proforma (II)
			After Receipt of Dividend (RM’000)		After Proforma (I) and Proposed Bonus Issue (RM’000)
Share capital	22,000	-	22,000	22,000	44,000
Share premium	18,119	-	18,119	(18,119)	-
Retained profits	73	4,081 ⁽¹⁾	4,154	(3,881)	73 ⁽²⁾
Shareholders’ Funds / Net Assets (“NA”)	40,192	4,081	44,273	-	44,073

Notes:

1. *Being the dividends of approximately RM4.081 million receivable from its subsidiary company, Prestariang Systems Sdn. Bhd. (“Receipt of Dividend”). The Board confirms that the retained profits of Prestariang Systems Sdn. Bhd. based on the unaudited financial statements for the FYE 31 December 2013 is sufficient for the payment of the dividend.*
2. *After deducting the estimated expenses relating to the Proposed Bonus Issue of approximately RM200,000.*

The Proposed Bonus Issue will be implemented by capitalising approximately RM18.119 million from the share premium account and approximately RM3.881 million from the retained profits of the Company in the manner set out in the table above.

The share premium account and retained profits of the Group, based on its audited consolidated financial statements for the FYE 31 December 2012 is approximately RM20.044 million and RM51.885 million respectively. The share premium account and retained profits of the Group based on the unaudited consolidated financial statements for the FYE 31 December 2013 is approximately RM21.530 million and RM67.658 million respectively.

Accordingly, after the completion of the Receipt of Dividend, the share premium account and retained profits of Prestariang Berhad will be sufficient for the capitalisation of reserves for the purpose of the Proposed Bonus Issue.

The Board confirms that based on the audited consolidated financial statements for the FYE 31 December 2012 and the latest unaudited consolidated financial statements for the FYE 31 December 2013, Prestariang Berhad will have adequate share premium and retained profits to cover the capitalisation required for the Proposed Bonus Issue after the completion of the Receipt of Dividend, and that Prestariang Berhad’s reserves are unimpaired by losses on a consolidated basis in accordance with paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Prestariang Berhad Shares, except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is prior to the date of allotment of the Bonus Shares.

2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue is undertaken for the following purposes:

- (i) to reward the existing shareholders for their continued support and loyalty to Prestariang Berhad and its subsidiaries (“**Prestariang Berhad Group**”) by enabling them to have greater participation in the equity of the Company;
- (ii) to enhance the marketability and trading liquidity of Prestariang Berhad Shares on Bursa Securities by way of a larger share base; and
- (iii) to increase the Company’s share capital base to better facilitate fund raising exercise in the future.

4. FINANCIAL EFFECTS OF THE PROPOSED BONUS ISSUE

For illustration purposes, the proforma effects of the Proposed Bonus Issue are as follows:

4.1 Issued and paid-up share capital

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

	No. of Prestariang Berhad Shares	Amount
	('mil)	(RM'mil)
As at 31 December 2013	220.0	22.0
To be issued pursuant to the Proposed Bonus Issue	220.0	22.0
Enlarged issued and paid-up share capital	440.0	44.0

4.2 NA, NA per Prestariang Berhad Share and gearing

The proforma effects of the Proposed Bonus Issue on the NA, NA per Prestariang Berhad Share and gearing of the Prestariang Berhad Group are as follows:

	Audited as at 31 December 2012	After the Proposed Bonus Issue
	(RM'000)	(RM'000)
Share capital	22,000	44,000
Share premium	20,044	1,925
Merger deficit	(14,212)	(14,212)
Retained profits	51,885	47,804 ⁽¹⁾
Total equity / NA attributable to shareholders of the Company	79,717	79,517
No. of Prestariang Berhad Shares in issue ('000)	220,000	440,000
NA per Prestariang Berhad Share (RM) ⁽²⁾	0.36	0.18
Total borrowings (RM'000)	1,643	1,643
Gearing (times) ⁽³⁾	0.02	0.02

Notes:

1. After deducting the estimated expenses relating to the Proposed Bonus Issue of approximately RM200,000.
2. Calculated as NA attributable to shareholders of the Company divided by the number of Prestariang Berhad Shares in issue.
3. Calculated as total borrowings divided by NA attributable to the shareholders of the Company.

4.3 Substantial shareholders' shareholdings

The proforma effects of the Proposed Bonus Issue on the shareholdings of the substantial shareholders of the Prestariang Berhad Group are as follows:

	Shareholdings as at 22 January 2014				After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Prestariang Berhad Shares	% [#]	No. of Prestariang Berhad Shares	% [#]	No. of Prestariang Berhad Shares	%	No. of Prestariang Berhad Shares	%
Dr. Abu Hasan bin Ismail	-	-	66,150,700 ^(a)	30.0	-	-	132,301,400 ^(a)	30.0
Kumpulan Wang Persaraan (Diperbadankan)	11,584,300	5.3	-	-	23,168,600	5.3	-	-
EkoHati Sdn Bhd	50,000,900	22.7	16,149,800 ^(b)	7.3	100,001,800	22.7	32,299,600 ^(b)	7.3
Sigma Dedikasi Sdn Bhd	6,909,800	3.1	59,240,900 ^(c)	26.9	13,819,600	3.1	118,481,800 ^(c)	26.9
Anjakan Evolusi Sdn Bhd	9,240,000	4.2	56,910,700 ^(d)	25.8	18,480,000	4.2	113,821,400 ^(d)	25.8
Shahirul Azian binti Abu Bakar	-	-	66,150,700 ^(e)	30.0	-	-	132,301,400 ^(e)	30.0
Zubaidah binti Ismail	-	-	66,150,700 ^(f)	30.0	-	-	132,301,400 ^(f)	30.0

Notes:

- # Based on the issued and paid-up share capital of Prestariang Berhad of 220,000,000 Prestariang Berhad Shares as at 22 January 2014.
- (a) Deemed interest by virtue of his interest in EkoHati Sdn Bhd, Sigma Dedikasi Sdn Bhd and Anjakan Evolusi Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act").
- (b) Deemed interest by virtue of Dr. Abu Hasan bin Ismail's ("Dr. Abu") interest in Sigma Dedikasi Sdn Bhd and Anjakan Evolusi Sdn Bhd pursuant to Section 6A of the Act.
- (c) Deemed interest by virtue of Dr. Abu interest in EkoHati Sdn Bhd and Anjakan Evolusi Sdn Bhd pursuant to Section 6A of the Act.
- (d) Deemed interest by virtue of Dr. Abu interest in EkoHati Sdn Bhd and Sigma Dedikasi Sdn Bhd pursuant to Section 6A of the Act.
- (e) Deemed interest by virtue of the interest of her spouse, Dr. Abu in EkoHati Sdn Bhd, Sigma Dedikasi Sdn Bhd and Anjakan Evolusi Sdn Bhd pursuant to Section 6A of the Act.
- (f) Deemed interest by virtue of the interest of her sibling, Dr. Abu in EkoHati Sdn Bhd, Sigma Dedikasi Sdn Bhd and Anjakan Evolusi Sdn Bhd pursuant to Section 6A of the Act.

4.4 Earnings and earnings per share ("EPS")

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Group for the financial year ending 31 December 2014.

However, the EPS of the Prestariang Berhad Group will be proportionately diluted as a result of the increase in the number of Prestariang Berhad Shares in issue pursuant to the Proposed Bonus Issue, assuming that the earnings of the Group remain unchanged.

4.5 Convertible securities

The Company does not have any other convertible securities.

5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the approvals from the following parties being obtained:

- (i) Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of Prestariang Berhad at an Extraordinary General Meeting to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue is not conditional or inter-conditional upon any other corporate proposal.

6. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue is expected to be completed by the second (2nd) quarter of 2014.

7. TIMING OF SUBMISSION TO THE AUTHORITIES

Barring any unforeseen circumstances, the necessary application in relation to the Proposed Bonus Issue will be made to the relevant authorities, where applicable, within two (2) months from the date of this announcement.

8. INTERESTS OF DIRECTORS', MAJOR SHAREHOLDERS' AND/OR PERSONS CONNECTED WITH THEM

None of the Directors or major shareholders of Prestariang Berhad and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue, if any, which is also available to all other shareholders.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue including the rationale and effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and its shareholders.

10. ADVISER

CIMB has been appointed by Prestariang Berhad as the Adviser for the Proposed Bonus Issue.

This announcement is dated 20 February 2014.