

U O B K A Y H I A N S E C U R I T I E S (M) S D N B H D

FOR IMMEDIATE PRESS RELEASE**BY FAX/ HAND**

10 Disember 2019

SURUHANJAYA SEKURITI MALAYSIANo. 3, Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur**Attention: Puan Zulaiha Subohi**
Jabatan Pengambilalihan dan Percantuman

Puan,

PETALING TIN BERHAD ("PTB" OR THE "COMPANY")**PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE UNDER SECTION 116 OF THE COMPANIES ACT, 2016 ("PROPOSED SCR")**

Unless otherwise stated and wherever applicable, the amounts represented throughout this Press Notice have been rounded to the nearest whole cent, for ease of reference.

1. INTRODUCTION

The Company had on 22 November 2019 received a letter from its controlling shareholder, namely Tan Sri Dr Chen Lip Keong ("**Tan Sri Dr Chen**" or the "**Offeror**" or the "**Non-Entitled Shareholder**"), informing the Board of Directors of PTB ("**Board**") of his intention to privatise PTB by way of a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act, 2016 ("**SCR Offer Letter**").

On behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to notify the shareholders of PTB that the Board (save for the interested director, namely Chen Yiy Fon ("**Interested Director**")) had on 10 December 2019 deliberated on the content of the SCR Offer Letter and has resolved to present the Proposed SCR to the Entitled Shareholders (*as defined herein*) for their consideration and approval.

Further details pertaining to the Proposed SCR are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED SCR

The Proposed SCR involves PTB undertaking a selective capital reduction and a corresponding capital repayment to all the shareholders of PTB, save for the Non-Entitled Shareholder, whose names appear in the record of depositors and register of members as at the close of business on an entitlement date to be determined later ("**Entitlement Date**") ("**Entitled Shareholder(s)**").

As at 29 November 2019, being the latest practicable date prior to this press notice ("**LPD**"), the Non-Entitled Shareholder, namely Tan Sri Dr Chen or the Offeror, holds 334,845,142 ordinary shares in PTB ("**PTB Share(s)**" or "**Share(s)**"), representing 96.82% of the total issued shares of PTB (excluding treasury shares).

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2.1 The salient terms of the Proposed SCR are as follows:-

- (a) As at the LPD, the Entitled Shareholders collectively hold 10,985,837 PTB Shares, representing 3.18% of the total issued shares of PTB (excluding treasury shares). Under the Proposed SCR, the Entitled Shareholders will receive a total capital repayment of RM4,394,334.80, which represents a cash amount of RM0.40 for each PTB Share ("**SCR Offer Price**") held by them on the Entitlement Date. For the avoidance of doubt, the Non-Entitled Shareholder will not be entitled to the capital repayment under the Proposed SCR.
- (b) As at the LPD, PTB has an issued share capital of RM390,056,677 comprising 346,102,679 PTB Shares (including 271,700 treasury shares). The issued share capital of PTB will be reduced by way of cancellation of all the PTB Shares held by the Entitled Shareholders. Accordingly, the issued share capital of PTB will be reduced by RM4,394,334.80.
- (c) All PTB Shares held by the Entitled Shareholders will be cancelled under the Proposed SCR. Any PTB Shares which are not cancelled will continue to be held by the Non-Entitled Shareholder, and accordingly, the Non-Entitled Shareholder will hold 334,845,142 PTB Shares, representing the entire equity interest in PTB upon the completion of the Proposed SCR ("**Completion**"). In conjunction with the Proposed SCR, all the 271,700 treasury shares held by PTB will also be cancelled.
- (d) The actual number of PTB Shares to be cancelled under the Proposed SCR would be dependent on the share capital of PTB and the shareholdings of the Entitled Shareholders in the Company on the Entitlement Date. Consequently, the total repayment amount will be determined at the relevant point in time.
- (e) For illustrative purpose, the proforma effects of the Proposed SCR on the share capital of PTB as at the LPD are as follows:-

	No. of Shares	RM
Issued share capital	346,102,679	390,056,677
Less: Treasury shares ^{*1}	(271,700)	-
Less: Shares to be cancelled under the Proposed SCR	(10,985,837)	(4,394,335) ^{*2}
Resultant issued share capital	334,845,142	385,662,342

Notes:-

^{*1} In conjunction with the Proposed SCR, all the treasury shares held by the Company will be cancelled

^{*2} Based on the 10,985,837 PTB Shares held by the Entitled Shareholders as at the LPD, the total cash repayment pursuant to the Proposed SCR is approximately RM4,394,335 which represents a cash amount of RM0.40 per PTB Share

2.2 The Proposed SCR will be funded via internally generated funds of PTB.

The Offeror has confirmed that the Proposed SCR would not fail due to the insufficient financial capability of the Company, and that every Entitled Shareholders will be paid in full by cash.

2.3 The Offeror and the person(s) acting in concert with the Offeror had not acquired any PTB Shares at a price higher than the SCR Offer Price during the past 3 months prior to 22 November 2019, being the date the SCR Offer Letter was served to the Board.

Should the Offeror or any person(s) acting in concert with the Offeror purchases or agrees to purchase any PTB Shares during the period commencing from the date of the SCR Offer Letter until the Completion at a consideration that is higher than the SCR Offer Price, the Offeror shall cause the Company to increase the SCR Offer Price to be not less than the highest price (excluding stamp duty and commission) paid or agreed to be paid by the Offeror or any person(s) acting in concert with the Offeror.

- 2.4 If PTB declares and/ or pays any dividends and/ or distributions of any nature whatsoever ("**Distributions**") in favour of its shareholders whereby the entitlement date for such Distributions is on or after the date of the SCR Offer Letter up to the Completion and the shareholders are entitled to retain such Distributions, the Offeror shall cause the Company to reduce the SCR Offer Price by the quantum of the Distributions per Share that such shareholders are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the SCR Offer Price in the event that the entitlement date for the Distributions is after the Completion.
- 2.5 PTB is currently an unlisted public entity. For information purpose, PTB was de-listed and removed from the official list of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 16 August 2018.

3. BASIS OF ARRIVING AT THE SCR OFFER PRICE

The SCR Offer Price was arrived at after taking into consideration of, amongst others, the following:-

- (a) a price-to-book multiple of 0.41 times, based on the latest audited consolidated net assets ("**NA**") per PTB Share for the financial year ended ("**FYE**") 31 March 2019 of RM0.97;
- (b) it is equivalent to the previous offer price per PTB Share of RM0.40 under the Previous Offer (*as defined herein*) which was undertaken by the Offeror on 31 May 2018, and had subsequently closed on 26 July 2018; and
- (c) a premium of 2.6% over the last transacted price of PTB Shares of RM0.39 as at 2 August 2018, being the last trading day prior to the suspension of trading of PTB Shares, and thereafter followed by the de-listing of PTB from the official list of Bursa Securities as mentioned in **Section 2.5** above.

For information purpose, the price-to-earnings multiple represented by the SCR Offer Price based on the latest audited consolidated earnings per Share for the FYE 31 March 2019 of PTB is not applicable as PTB had recorded loss after taxation of RM3.43 million for the financial year under review.

4. RATIONALE

Background of Previous Offer and de-listing of PTB Shares

On 31 May 2018, the Offeror undertook an unconditional voluntary take-over offer to acquire all the remaining PTB Shares not already held by the Offeror for a cash offer price of RM0.40 per PTB Share ("**Previous Offer**"). The Previous Offer had closed on 26 July 2018.

Subsequently, on 3 August 2018, the trading in PTB Shares on the Main Market of Bursa Securities was suspended in view that the Offeror holds more than 90.0% equity interest in PTB as a result of the Previous Offer, and that the Offeror has no intention to maintain the listing status of PTB as stated in the offer document dated 21 June 2018. Thereafter, PTB was de-listed and removed from the official list of Bursa Securities on 16 August 2018.

Opportunity for holders to realise their investments in the unlisted PTB Shares

Following the abovementioned series of events and given that PTB is presently an unlisted public entity, PTB is no longer subject to the requirements and obligations of a regulatory framework, i.e. Bursa Securities, which may then lack transparency and visibility of information (such as financial performance/ position, material developments, organisational/ structural change in the PTB group of companies) that are usually or timely disclosed to the public. Further, the Entitled Shareholders may experience difficulty and limited opportunities in realising their investments in PTB as there is no formal market, i.e. Main Market of Bursa Securities, for the Entitled Shareholders to trade in their unlisted securities of PTB.

Premised on the above, the Offeror is of the opinion that the Proposed SCR provides the most appropriate avenue for the Entitled Shareholders to exit the Company and realise their investments in the unlisted securities of PTB.

5. COVENANTS PURSUANT TO THE SCR OFFER LETTER

- 5.1 From the date of PTB's acceptance of the terms of the SCR Offer Letter until the Completion, PTB shall undertake that:-
- (a) PTB will not conduct any form of capital raising exercise, whether in the form of debt or equity, and will not grant any options over PTB Shares or issue any new PTB Shares;
 - (b) PTB and its subsidiaries, associates and joint ventures will not enter into any material commitment or material contract or undertake any obligation or acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
 - (c) PTB will not pass any resolution in general meeting (other than in respect of any ordinary business tabled in an annual general meeting or in connection with the Proposed SCR) or make any alteration to the provisions of the Constitution of PTB or any PTB's subsidiaries, unless it is in relation to the Proposed SCR;
 - (d) PTB shall not acquire any more of its own Shares pursuant to share buy-back mandate; and
 - (e) PTB will not do or cause, or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful obligation of PTB or any of its subsidiaries;

without the prior written consent of Tan Sri Dr Chen.

- 5.2 In addition, PTB shall agree with and undertake to the Offeror that it shall not enter into any discussion or negotiation, or agreement, with any other party with respect to the sale of the assets and liabilities of PTB or any privatisation proposal involving PTB or any of its subsidiaries at any time from the date of the SCR Offer Letter until the Completion without the prior written consent of Tan Sri Dr Chen.
- 5.3 PTB shall also agree with and undertake to the Offeror that, as from the date of the SCR Offer Letter until the Completion, the Company (and using reasonable endeavours to cause and procure that of its subsidiaries) shall carry on its business only in the usual, regular and ordinary course in substantially the same manner as the same is carried on as of the date of the SCR Offer Letter so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired at Completion, save as otherwise agreed in writing by Tan Sri Dr Chen.

6. EFFECTS OF THE PROPOSED SCR

6.1 Share capital

For illustrative purposes, the pro forma effects of the Proposed SCR on the issued share capital of PTB are as follows:-

	No. of Shares	RM
Issued share capital	346,102,679	390,056,677
Less: Treasury shares ^{*1}	(271,700)	-
Less: Shares to be cancelled under the Proposed SCR	(10,985,837)	(4,394,335) ^{*2}
Resultant issued share capital	<u>334,845,142</u>	<u>385,662,342</u>

Notes:-

- ¹ In conjunction with the Proposed SCR, all the treasury shares held by the Company will be cancelled
- ² Based on the 10,985,837 Shares held by the Entitled Shareholders as at the LPD, the total cash repayment pursuant to the Proposed SCR is approximately RM4,394,335 which represents a cash amount of RM0.40 per PTB Share

6.2 NA per Share and gearing level

For illustrative purpose, the pro forma effects of the Proposed SCR on the latest audited consolidated NA per Share and gearing level of PTB as at 31 March 2019 are as follows:-

	Audited as at 31 March 2019 RM'000	After the Proposed SCR RM'000
Share capital	390,057	385,662
Treasury shares	(68)	-
Accumulated losses	(53,254)	(54,554) ¹
Shareholders' funds / NA	336,735	331,108
Number of PTB Shares (excluding treasury shares) ('000)	345,831	334,845
NA per PTB Share (RM)	0.97	0.99
Total borrowings (RM'000)	-	-
Gearing level (times)	-	-
Deposits, cash and bank balances	19,623	15,229 ²

Notes:-

- ¹ After deducting the estimated expenses (comprising professional fees, regulatory fees, administrative expenses) of approximately RM1.30 million in relation to the Proposed SCR
- ² As set out in **Section 2.2** above, the Proposed SCR will be funded via internally generated funds of PTB

6.3 Earnings and Earnings/ (Loss) per Share ("EPS"/ "(LPS)")

The Proposed SCR is not expected to have any material effect on the earnings/ losses and EPS/ (LPS) of PTB Group for the financial year ending 31 March 2020, save for the estimated expenses for the Proposed SCR of approximately RM1.30 million.

Upon the Completion and as a result of the cancellation of PTB Shares pursuant to the Proposed SCR, the total number of PTB Shares in issue will be reduced, which will affect the EPS/ (LPS) of PTB Group accordingly.

6.4 Substantial shareholder's shareholdings

Upon Completion, PTB will be wholly-owned by the Non-Entitled Shareholder as a result of the cancellation of all PTB Shares held by the Entitled Shareholders.

The pro forma effects of the Proposed SCR on the shareholding structure of the substantial shareholder of PTB are as follows:-

Substantial shareholder	As at the LPD				After the Proposed SCR			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ¹	No. of Shares	% ¹	No. of Shares	% ²	No. of Shares	% ²
Tan Sri Dr Chen	334,845,142 ³	96.82	-	-	334,845,142 ³	100.00	-	-

Notes:-

- ¹ Computed based on 345,830,979 PTB Shares in issue (excluding treasury shares)
- ² Computed based on 334,845,142 PTB Shares in issue and after the cancellation of treasury shares
- ³ 286,971,923 PTB Shares are held by Cartaban Nominees (Tempatan) Sdn. Bhd., Exempt An For LGT Bank AG (Local)

6.5 Convertible securities

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

7. APPROVALS REQUIRED

7.1 The Proposed SCR is subject to and conditional upon approvals being obtained from the following:-

- (a) the approval of the Entitled Shareholders for the Proposed SCR to be tabled at an extraordinary general meeting ("**EGM**") via a special resolution which must be approved by:-
 - (i) at least a majority in number of the Entitled Shareholders and 75% in value to the votes attached to the PTB Shares held by the Entitled Shareholders that are cast either in person or by proxy at the EGM; and
 - (ii) the values of the votes cast against the special resolution for the Proposed SCR is not more than 10% of the votes attached to the PTB Shares held by the Entitled Shareholders of the total voting shares of the Company;
- (b) the approval or consent of the existing financiers and/ or creditors of PTB and/ or its subsidiaries, where required; and
- (c) the grant of an order of the High Court of Malaya approving the Proposed SCR under Section 116 of the Companies Act, 2016 ("**Order**").

7.2 The Proposed SCR will become effective on a date of lodgment of an official copy of the sealed Order with the Registrar of Companies ("**Effective Date**"). The payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Effective Date, but in any event, not later than 10 days from the Effective Date.

7.3 The Proposed SCR is not conditional upon any other corporate exercise of PTB.

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

Save as disclosed below, none of the Directors, major shareholders and/ or persons connected with them have any interest, direct or indirect, in the Proposed SCR:-

8.1 Interested Major Shareholder

Name	Nature of interest
Tan Sri Dr Chen	<ul style="list-style-type: none"> • Being the Offeror/ Non-Entitled Shareholder • As at the LPD, he holds 334,845,142 PTB Shares, representing 96.82% of the total issued shares of PTB (excluding treasury shares)

Tan Sri Dr Chen is deemed as the Interested Major Shareholder in this Proposed SCR. Accordingly, he will abstain from voting in respect of his direct and/ or indirect interests in PTB on the resolution pertaining to the Proposed SCR to be tabled at the EGM to be convened.

8.2 Interested Director

Name	Nature of interest
Chen Yiy Fon	<ul style="list-style-type: none"> • He is the Chief Executive Officer/ Non-Independent Executive Director of PTB • He is the son of Tan Sri Dr Chen

For the avoidance of doubt, as at the LPD, he does not hold any direct or indirect PTB Shares.

Chen Yiy Fon is deemed as the Interested Director in this Proposed SCR by virtue of his family relationship with the Offeror. Accordingly, he has abstained and will continue to abstain from deliberating and voting at all relevant board meeting(s) of PTB in relation to the Proposed SCR.

In addition, Tan Sri Dr Chen and Chen Yiy Fon will ensure that person(s) connected with them will also abstain from voting in respect of their direct and/ or indirect interests in PTB, if any, on the resolution pertaining to the Proposed SCR to be tabled at the EGM to be convened.

9. DIRECTORS' STATEMENT

The Board (save for the Interested Director) has on 10 December 2019 deliberated on the SCR Offer Letter and has resolved to present the Proposed SCR to the Entitled Shareholders at the Company's EGM to be convened for their consideration and approval.

10. ADVISERS

The Board has appointed UOBKH as the Principal Adviser for the Proposed SCR.

In accordance with Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Board (save for the Interested Director) has appointed Public Investment Bank Berhad to act as the Independent Adviser to advise the Entitled Shareholders and the non-interested Directors of PTB on the fairness and reasonableness of the Proposed SCR and the voting action to be taken at the EGM to be convened.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstance, and subject to obtaining the approvals as set out in **Section 7** above, the Proposed SCR is expected to be completed in the first quarter of 2020.

Should you require further clarification or additional information, please do not hesitate to contact any of the following persons:-

Name	Designation	Telephone	E-mail address
Winston Loh	Associate Director	(03) 2147 1955	winstonloh@uobkayhian.com
Evon Chan	Manager	(03) 2147 1947	evonchan@uobkayhian.com

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Sekian, terima kasih.

Yang benar,
Untuk dan bagi pihak
UOB KAY HIAN SECURITIES (M) SDN BHD



TAN MENG KIM
Pengarah Pengurusan
Pasaran Modal



NANTHA KUMAR
Pengarah
Ketua Bersama, Kewangan Korporat

Encl.

c.c. *Tan Sri Dr Chen Lip Keong ("Offeror") / Ms Yew Nyuk Kwei (Company Secretary of PTB)*

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