



FOR IMMEDIATE RELEASE

Date: 5 January 2017

To:	Attention:	Fax No.:
Securities Commission Malaysia	YBhg. Tan Sri Dato' Seri Ranjit Ajit Singh	03- 6201 5158
Berita Harian	En. Ahmad Zaini Kamarulzaman	03- 2056 7081 / 2056 7082
Utusan Malaysia & Utusan Melayu	En. Mowardi Mahmud	03- 9222 7876 / 9223 0911
The Star	Mr. P. Gunasegaram	03- 7957 0694
Bernamea	Pn. Salbiah Said	03- 2694 9636
The New Straits Time Press (M) Bhd	En. Mustapha Kamil	03- 2056 7148
The Edge Financial Daily	Mr. M Shanmugam	03- 7721 8038 / 7721 8018
The Malaysian Reserve	En. Halim Wahab	03- 6211 1852
The Sun	Mr. Toh Lye Huat	03- 7785 2624 / 7785 2625
Nanyang Siang Pau Sdn Bhd	Ms. Tong Siok Ching	03- 7872 6993
Sin Chew Jit Poh (Malaysia)	Ms. Low Sow Wan	03- 7955 8379 / 7955 6881
China Press	Ms. Loh Yee Wei	03- 2282 7125

PADIBERAS NASIONAL BERHAD ("BERNAS")

OFFER LETTER PURSUANT TO THE PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF BERNAS UNDER SECTIONS 60(2) AND 64 OF THE COMPANIES ACT, 1965 ("OFFER LETTER")

We attach herewith a copy of the Offer Letter dated 5 January 2017 served today on the Board of Directors of BERNAS by Perspective Lane (M) Sdn Bhd, which is self-explanatory for your attention.

Yours faithfully
For and on behalf of
PADIBERAS NASIONAL BERHAD


TAN SRI AB AZIZ BIN KASIM
Chairman

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PERSPECTIVE LANE (M) SDN. BHD.

(Company N o. 341856-W)

No 110 Jalan Maarof Bangsar Baru 59000 Kuala Lumpur
Tel No. 03-20932255 Fax No. 03-20958811

5 January 2017

Board of Directors
Padiberas Nasional Berhad
Level 3, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

Dear Sirs,

PADIBERAS NASIONAL BERHAD ("BERNAS" OR "COMPANY")

**PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF
BERNAS UNDER SECTIONS 60(2) AND 64 OF THE COMPANIES ACT, 1965 ("ACT")
("PROPOSED SCR")**

1. INTRODUCTION

We, Perspective Lane (M) Sdn Bhd ("**PLSB**") together with our person acting in concert, Tradewinds (M) Berhad ("**TWM**") (collectively referred to as "**Non-Entitled Shareholders**"), are writing to request the Company to undertake a selective capital reduction and repayment exercise under Sections 60(2) and 64 of the Act which will result in the Non-Entitled Shareholders holding the entire issued and paid-up share capital of Bernas upon completion of the Proposed SCR.

As at 30 December 2016, the issued and paid-up share capital of Bernas is RM470,401,500 comprising 470,401,500 ordinary shares of RM1.00 each ("**Bernas Shares**"). The Non-Entitled Shareholders collectively hold 460,707,665 Bernas Shares, representing approximately 97.94% of the issued and paid-up share capital of Bernas.

2. DETAILS OF THE PROPOSED SCR

2.1 The Proposed SCR involves Bernas undertaking a selective capital reduction and a corresponding capital repayment to the shareholders of Bernas (other than the Non-Entitled Shareholders) whose names appear in the record of depositors of the Company as at the close of business on a date to be determined ("**Entitled Shareholders**") and disclosed later by the Board of Directors of Bernas ("**Board**") ("**Entitlement Date**").

As at 30 December 2016, the Entitled Shareholders hold 9,693,835 Bernas Shares, representing approximately 2.06% of the issued and paid-up share capital of Bernas.

Pursuant to the Proposed SCR, the Entitled Shareholders will receive, in aggregate, a capital repayment of RM38,775,340 or equivalent to RM4.00 for each Bernas Share ("**SCR Offer Price**") held on the Entitlement Date.

In this respect, the Non-Entitled Shareholders will waive their entitlements to be repaid under the Proposed SCR.

2.2 The Proposed SCR will be effected via the following:

- (i) the reduction of the issued and paid-up share capital of Bernas from RM470,401,500 comprising 470,401,500 Bernas Shares to RM438,710,750 comprising 438,710,750 Bernas Shares by way of cancelling a total of 31,690,750 Bernas Shares comprising 9,693,835 Bernas Shares held by the Entitled Shareholders and 21,996,915 Bernas Shares held by the Non-Entitled Shareholders; and
- (ii) the reduction of the entire share premium account of Bernas of RM7,084,590.

Upon successful completion of the Proposed SCR, all Bernas Shares held by the Entitled Shareholders and part of the Bernas Shares held by the Non-Entitled Shareholders will be cancelled. The Non-Entitled Shareholders will collectively hold 438,710,750 Bernas Shares, representing the remaining Bernas Shares not cancelled. The said Bernas Shares will amount to the entire issued and paid-up share capital of Bernas which will result in Bernas being entirely owned by the Non-Entitled Shareholders.

2.3 The SCR Offer Price was arrived at after taking into consideration, among others, the following:

- (i) offer price of RM3.70 per Bernas Share made pursuant to the unconditional take-over offer by us, together with Kelana Ventures Sdn Bhd, Seaport Terminal (Johore) Sdn Bhd and Acara Kreatif Sdn Bhd (collectively referred to as the "**Joint Offerors**") vide the offer document dated 25 February 2014 to acquire all the Bernas Shares not held by the Joint Offerors and TWM then, which closed on 1 April 2014 ("**Bernas Offer**");
- (ii) Bernas Shares market price on 20 March 2014, being the last full day of trading prior to its suspension on 21 March 2014 and subsequent delisting from the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 18 April 2014 of RM3.69;
- (iii) price-to-earnings ratio of approximately 31.75 times and 27.97 times based on the audited consolidated earnings per Bernas Share of 12.6 sen and 14.3 sen for the financial years ended 31 December 2014 and 31 December 2015 respectively; and
- (iv) price-to-book ratio of approximately 1.44 times and 1.37 times based on the audited consolidated net assets per Bernas Share of RM2.78 and RM2.93 as at 31 December 2014 and 31 December 2015 respectively.

2.4 The shareholdings of the Non-Entitled Shareholders in Bernas based on the record of depositors of the Company as at 30 December 2016 are set out below:

	Direct		Indirect	
	No. of Bernas Shares	%	No. of Bernas Shares	%
PLSB	119,332,194	25.37	341,375,471 ⁽¹⁾	72.57
TWM	341,375,471	72.57	-	-

Note:

⁽¹⁾ Deemed interest by virtue of its interest in TWM pursuant to Section 6A of the Act.

- 2.5 We propose that the Proposed SCR be funded through the internal funds of Bernas and its subsidiaries ("**Bernas Group**") and/or financing facilities obtained by the Company from financial institutions.

3. RATIONALE FOR THE PROPOSED SCR

Subsequent to the completion of the Bernas Offer, Bernas was delisted and withdrawn from the Official List of Bursa Securities on 18 April 2014. Since then, there has been no liquidity for Bernas Shares.

In view of the above, PLSB, together with TWM, are offering the Entitled Shareholders:

- (i) an opportunity to exit the investment should they not wish to remain as shareholders of the Company and continue to hold unlisted Bernas Shares; and
- (ii) realise their investment in Bernas at a premium of approximately 8.11% to the offer price of RM3.70 per Bernas Share that was offered under the Bernas Offer,

upon successful completion of the Proposed SCR.

4. CONDITIONS TO THE PROPOSED SCR

- 4.1 The Proposed SCR is subject to and conditional upon the following being obtained:

- (i) notification from the Securities Commission Malaysia ("**SC**") that it has no further comments to the circular, explanatory statement and independent advice letter to be issued to the shareholders of Bernas;
- (ii) approval from the Entitled Shareholders via a special resolution at an extraordinary general meeting to be convened ("**EGM**") which is required to be approved by at least a majority in number of the Entitled Shareholders and 75% in value of all Bernas Shares held by the Entitled Shareholders that are cast either in person or by proxy at the EGM, and the value of the votes cast against the Proposed SCR must not be more than 10% of the votes attaching to all Bernas Shares held by the Entitled Shareholders;
- (iii) granting of an order from the High Court of Malaya approving the reduction of the issued and paid-up share capital and share premium account of Bernas pursuant to Sections 60(2) and 64 of the Act ("**Order**");
- (iv) consent from relevant creditors / lenders of Bernas, if required; and
- (v) consent from any other regulatory authorities and/or third parties, if required.

- 4.2 The Proposed SCR will become effective upon filing of an office copy of the Order with the Companies Commission of Malaysia pursuant to Section 64(6) of the Act.

5. OTHER MATTERS

In view that the Proposed SCR is at our request, we wish to confirm the following:

- (i) the nominated directors of PLSB and TWM in Bernas are deemed interested in the Proposed SCR ("**Interested Directors**"). As such, the Interested Directors will abstain from all deliberations and voting at the relevant Board meetings of Bernas in respect of the Proposed SCR, and together with

persons connected with them, if any, abstain from voting in respect of their direct and/or indirect shareholdings, if any, in the Company on the resolution pertaining to the Proposed SCR to be tabled at the EGM; and

- (ii) the Non-Entitled Shareholders are interested in the Proposed SCR. As such, the Non-Entitled Shareholders, together with persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in the Company on the resolution pertaining to the Proposed SCR to be tabled at the EGM.

We trust the above is sufficient for the Board's consideration and look forward to your favourable reply.

Yours faithfully
For and on behalf of
PERSPECTIVE LANE (M) SDN BHD

.....
Name : AZMAN HANAFI BIN ABDULLAH
Designation : Company Director

TO: PERSPECTIVE LANE (M) SDN BHD

PADIBERAS NASIONAL BERHAD ("BERNAS" OR "COMPANY")

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF
BERNAS UNDER SECTIONS 60(2) AND 64 OF THE COMPANIES ACT, 1965
("PROPOSED SCR")

We, Padiberas Nasional Berhad, hereby agree to and accept the terms of your letter as set out above.

Yours faithfully
For and on behalf of
PADIBERAS NASIONAL BERHAD

.....
Name :
Designation :