

COMPUGATES HOLDINGS BERHAD ("CHB" OR THE "COMPANY")

- **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 304,898,431 REDEEMABLE PREFERENCE SHARES ("RPS") TOGETHER WITH UP TO 304,898,431 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RPS TOGETHER WITH ONE (1) WARRANT FOR EVERY SEVEN (7) ORDINARY SHARES OF RM0.10 EACH SUBSCRIBED IN CHB ("CHB SHARES") ("PROPOSED RIGHTS ISSUE WITH WARRANTS");**
- **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF CHB ("PROPOSED IASC"); AND**
- **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF CHB ("PROPOSED M&A AMENDMENTS")**

(COLLECTIVELY, THE "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of CHB ("Board"), M&A Securities Sdn Bhd ("M&A Securities") wishes to announce that the Company proposes to undertake the Proposals.

Further details of the Proposals are set out in Section 2 below.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Rights Issue with Warrants

CHB is proposing to undertake a renounceable rights issue of up to 304,898,431 RPS together with up to 304,898,431 Warrants on the basis of one (1) RPS together with one (1) Warrant for every seven (7) CHB Shares subscribed.

The RPS together with the Warrants will be offered to the entitled shareholders of CHB whose names appear in the Record of Depositors of the Company at the close of business on the entitlement date to be determined later after obtaining the approvals from all relevant authorities and the shareholders of the Company.

The Proposed Rights Issue with Warrants will be implemented on the basis that there will be a minimum level of subscription. The minimum subscription level has been determined by the Board after taking into consideration factors which include among others, the funding requirements and the commitment from the substantial shareholder that can be raised pursuant to his irrevocable written undertaking for the Proposed Rights Issue with Warrants, set out in Section 2.1.5 of this announcement.

The Warrants will be issued free to each entitled shareholder based on the respective entitled shareholders' entitlement to the Proposed Rights Issue with Warrants and on the acceptance of his rights entitlements.

The actual number of RPS and Warrants offered under the Proposed Rights Issue with Warrants will be determined on the entitlement date.

Fractional entitlements under the Proposed Rights Issue with Warrants if any, will be dealt with in such manner as the Board in its absolute discretion deems fit and in the best interest of the Company.

2.1.1 Renunciation of the RPS

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, entitled shareholders can subscribe for and/or renounce their entitlements to the RPS in full or in part.

The Warrants will be immediately detached from the RPS upon issuance and will be separately traded. The renunciation of the RPS by the entitled shareholders will accordingly entail the renunciation of the Warrants to be issued together with the RPS pursuant to the Proposed Rights Issue with Warrants. If the entitled shareholder decides to accept only part of his RPS entitlements, he shall be entitled to the Warrants in the proportion of his acceptance of his RPS entitlements.

Any RPS with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounee(s). It is the intention of the Board to allocate the excess RPS with Warrants in a fair and equitable manner and on such basis as it may deem fit or expedient or in the best interests of the Company to be determined by the Board and announced later by the Company.

2.1.2 Pricing of the RPS and Warrants

(a) RPS

The Board has proposed to fix the issue price of the RPS at RM0.10 per RPS after taking into consideration, the prevailing market conditions, the five (5)-day volume weighted average market price ("5D-VWAP") of CHB Shares and the par value of CHB Shares.

(b) Warrants

The Board has proposed to fix the exercise price of the Warrants at RM0.10 per Warrant after taking into consideration the 5D-VWAP of CHB Shares and the par value of CHB Shares.

The issue price of the RPS and the exercise price of the Warrants of RM0.10 each represent a premium of 100.4% to the 5D-VWAP of CHB Shares up to 17 March 2015 of RM0.0499 (being the preceding market day from the date of this announcement).

2.1.3 Entitlements to the RPS with Warrants

The RPS with Warrants will be provisionally allotted to the entitled shareholders.

For the avoidance of doubt, the Warrants attached to the RPS are without any cost to the entitled shareholders and/or renounees and will be issued only to the entitled shareholders and/or renounees who subscribe for the RPS. The RPS with the Warrants are not separately renounceable. The Warrants shall be immediately detached from the RPS upon allotment and shall be separately traded on Bursa Malaysia Securities Berhad ("Bursa Securities").

2.1.4 Ranking of the RPS and the new CHB Shares to be issued pursuant to the exercise of the Warrants

The RPS shall rank *pari passu* without any preference or priority among themselves and in priority to CHB Shares and other preference shares that may be created in future, but shall rank behind all secured and unsecured obligations of CHB.

The new CHB Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, rank *pari passu* in all respects with the then existing CHB Shares, save and except that such new CHB Shares will not entitle its holders to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company prior to the relevant date of allotment of the new CHB Shares arising from the exercise of the Warrants.

2.1.5 Undertaking by substantial shareholder of the Company and underwriting arrangement

The Proposed Rights Issue with Warrants is to be undertaken on a minimum level of subscription and the Board has determined a minimum amount of RM20,000,000 to be raised from the Proposed Rights Issue with Warrants ("Minimum Subscription Level"). Based on the minimum proceeds and an issue price of RM0.10 per RPS, 200,000,000 RPS will be issued together with 200,000,000 Warrants under the Proposed Rights Issue with Warrants.

To meet the Minimum Subscription Level, the Board has procured the irrevocable undertaking of its substantial shareholder, Goh Kheng Peow to subscribe and/or procure the subscription for such number of RPS with Warrants, amounting to an aggregate of RM20,000,000 ("Undertaking").

	Shareholding @ the date of this announcement		Undertaking to subscribe for his rights entitlements			Undertaking to subscribe for excess RPS			Total to be subscribed pursuant to the Undertaking			Total financial commitment RM'000
	No of shares ('000)	%	No. of RPS ('000)	No. of Warrants ('000)	%*	No. of RPS ('000)	No. of Warrants ('000)	%*	No. of RPS ('000)	No. of Warrants ('000)	% *	
Goh Kheng Peow	441,075	20.7	63,011	63,011	20.7	136,989	136,989	44.9	200,000	200,000	65.6	20,000

Note:

* The percentages of the RPS and Warrants are computed based on 304,898,431 RPS to be issued pursuant to the Proposed Rights Issue with Warrants.

In view of the Undertaking and the Minimum Subscription Level, underwriting arrangement will not be required for the Proposed Rights Issue with Warrants.

2.1.6 Indicative salient terms of the RPS

The indicative salient terms of the RPS are set out in the following Table 1:-

Table 1: Indicative salient terms of the RPS

Terms	Details
Issue Size	: Up to 304,898,431 RPS and in multiples of RM0.10 each.
Par Value	: RM0.01 per RPS.
Issue Price	: RM0.10 per RPS.
Tenure	: Five (5) years.
Maturity Date	: The day falling five (5) years from the date of issue of the RPS unless the tenure of the RPS, if permitted by law, is extended by CHB and the RPS holders. If such date is not a market day, then it shall be the next market day immediately after the said non market day.
Board Lot	: The RPS are tradeable upon listing in board lots of 100 units or such other number of units as may be prescribed by Bursa Securities.
Dividends	<p>: The RPS shall carry the right to receive cumulative gross preferential dividend rate out of the distributable profits of CHB as the issuer, at a dividend rate per annum of zero point four (0.4) sen on the issue price of the RPS. No dividends shall be paid on the ordinary shares of CHB unless the dividends on the RPS have first been paid.</p> <p>The dividends for the RPS shall be paid every six (6) monthly ending 30th June and 31st December of each year, with the first dividend payment to be paid either on 30th June or 31st December and to the extent that the dividends or any part thereof is not paid on the relevant dividend payment date, it shall continue to accumulate (whether or not there are any distributable reserves). The last dividend payment shall be made on the Maturity Date.</p>
Form and denomination	: The RPS are to be issued in registered form and constituted by the Company's Memorandum and Articles of Association.
Conversion Right	: The RPS is not convertible into new CHB Shares.
Ranking of the RPS	: The RPS shall rank <i>pari passu</i> without any preference or priority among themselves and in priority to CHB Shares and other preference shares that may be created in future, but shall rank behind all secured and unsecured obligations of CHB. In the event of liquidation, dissolution, winding-up (other than a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Company are transferred to a successor entity which assumes all the obligations of the Company under the RPS) or other repayment of capital (other than on redemption):-

Terms	Details
	<ul style="list-style-type: none"> (a) the RPS shall confer on the holders the right to receive in priority to the holders of all other class of shares in CHB, cash repayment in full of the amount at 100% of the issue price of the RPS together with accrued but unpaid dividends up to the date of repayment, provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company; (b) the RPS shall not confer on the holders thereof the right to participate in the distribution of surplus assets or profits; and (c) In the event that CHB has insufficient assets to permit payment of the full Issue Price to the RPS holders, the assets of CHB shall be distributed rateably to the RPS holder in proportion to the amount that each RPS holder would otherwise be entitled to receive.
Redemption	<p>: The RPS is redeemable at 100% of the issue price of the RPS at any time during the tenure of the RPS at the option of CHB as the issuer, where not less than seven (7) business days' in writing notice must be given.</p> <p>Any RPS not redeemed by the Company or surrendered by the RPS holder at the Maturity Date shall be automatically redeemed by the Company at 100% of the Issue Price of the RPS.</p>
Redemption Price	: The redemption price is at 100% of the issue price of the RPS together with arrears of unpaid dividends up to the date of redemption.
Method of Redemption	: The Company may redeem the RPS on a pro-rata basis at their nominal value commencing from the date of issue of the RPS up to the Maturity Date, subject to not less than seven (7) business days' notice in writing must be given.
Surrender	: The RPS may be surrendered by the Warrant holders at 100% of the issue price of the RPS for the exercise of the Warrants in lieu of the exercise price of RM0.10 per Warrant.
Covenants	: The Group's total borrowings shall not exceed two (2) times the amount of our Group's shareholders' funds as disclosed in its latest published quarterly financial statements.
Events of Default	: The RPS holders may at their sole discretion, by notice require the Company to redeem the RPS at the Issue Price together with accrued but unpaid dividends up to the redemption date stipulated in the notice in the occurrence of the Company becoming insolvent or is unable to pay its debts as they fall due or ceasing or threatening to carry on its business or a substantial part of its business or breaching the terms of the RPS as stated herein.

Terms	Details
Rights of the RPS holders	: The RPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending general meetings of the Company. The RPS holders however are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company except in the following circumstances:- <ul style="list-style-type: none"> (a) where the dividend or part of the dividend on the RPS has been declared but remains unpaid for more than six (6) months; (b) on a proposal to reduce the Company's share capital; (c) on a proposal for the disposal of the CHB group of companies' ("CHB Group" or "Group") assets, business and undertakings in excess of 25% of the Group's net assets based on the last audited financial statements; (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RPS; (e) upon any resolution for the winding up of CHB; and (f) other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time.
Transferable	: The RPS shall be transferable in accordance with the Rules of Bursa Malaysia Depository Sdn Bhd.
Listing	: The RPS will be listed on the Main Market of Bursa Securities.
Governing Law	: Laws of Malaysia

2.1.7 Indicative salient terms of the Warrants

The indicative salient terms of the Warrants attached to the RPS are set out in the following Table 2:-

Table 2: Indicative salient terms of the Warrants

Terms	Details
Issue Size	: Up to 304,898,431 Warrants to subscribe for up to 304,898,431 new CHB Shares to be issued to the entitled shareholders pursuant to the Proposed Rights Issue with Warrants.
Detachability	: The Warrants which are to be issued pursuant to the Proposed Rights Issue with Warrants are immediately detachable upon allotment and issue of the RPS. The Warrants will be traded separately.
Deed Poll	: The Warrants will be constituted by the Deed Poll to be executed by CHB.

Terms	Details
Exercise Price	<p>: RM0.10 per Warrant.</p> <p>The exercise price and the number of outstanding Warrants shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.</p>
Exercise Period	<p>: The Warrants may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants until 5.00 p.m. on the expiry date. If such date is not a market day, then it shall be the next market day immediately after the said non-market day.</p> <p>The rights attached to the Warrants which are not exercised during the Exercise Period will thereafter lapse.</p>
Mode of Exercise	<p>: The holder of Warrants is required to lodge an exercise form with the Company's share registrar, duly completed and signed together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank or post office operating in Malaysia; or by the surrender of such number of RPS at 100% of the issue price of the RPS for the exercise of the Warrants in lieu of the exercise price of RM0.10 per Warrant.</p>
Exercise Rights	<p>: Each Warrant entitles the registered Warrant holder to subscribe for one (1) new CHB Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Deed Poll, which is to be executed.</p>
Mode of Transfer	<p>: The Warrants are transferable by an instrument of transfer in the usual or common form or such other form as the Board and Bursa Securities may approve.</p>
Board Lot	<p>: The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new CHB Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.</p>
Status of new CHB Shares to be issued pursuant to the exercise of the Warrants	<p>: All new CHB Shares to be issued arising from the exercise of the Warrants shall upon allotment rank <i>pari passu</i> in all respects with the then existing CHB Shares save and except that such new CHB Shares will not entitle its holders to any dividends, rights, allotments, and/or other distributions which may be declared, made or paid to the shareholders of the Company prior to the relevant date of allotment of the new CHB Shares arising from the exercise of the Warrants.</p>
Rights of the Warrant holders	<p>: The Warrant holders are not entitled to any voting rights or participation in any dividends, rights, allotments and/or other distributions in the Company until and unless such holder of Warrants exercise their Warrants into new CHB Shares.</p>

Terms	Details
Rights in the event of winding-up, liquidation, compromise and/or arrangement	<p>: Where a resolution has been passed for a member's voluntary winding up of the Company, or where there is a compromise or arrangement, then:</p> <p>(a) For the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding up, compromise or arrangement will be binding on all the Warrant holders; and</p> <p>(b) In any other case, every Warrant holder shall be entitled within six (6) weeks after the passing of such resolution for a member's voluntary winding-up of the Company or within six (6) weeks after the granting of the order by the High Court of Malaya approving the compromise or arrangement, by the irrevocable surrendering of his Warrants to the Company, exercise his Warrants and be treated as if he had exercised the Warrants immediately prior to the commencement of such winding up, compromise or arrangement and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would have become entitled pursuant to such action, and the liquidator of the Company will give effect to such election accordingly. If the Company is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution, shall lapse and the Warrants shall cease to be valid for any purpose.</p>
Adjustments in the exercise price and/or number of Warrants	<p>: The Exercise Price and/or the number of Warrants held by each Warrant holder may from time to time be adjusted in the event of any alteration to the share capital of the Company in accordance with the provisions as set out in the Deed Poll.</p>
Further Issues	<p>: Subject to the provisions of the Deed Poll, the Company will be at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by the Company in general meeting.</p>
Listing	<p>: The Warrants will be listed on the Main Market of Bursa Securities.</p>
Governing Law	<p>: Laws of Malaysia.</p>

2.1.8 Proceeds Raised and Utilisation of Proceeds

Based on an issue price of RM0.10 per RPS, gross proceeds of up to RM30.49 million is expected to be raised from the Proposed Rights Issue with Warrants, which shall be utilised as follows:

Purpose	Minimum Scenario RM'000	Maximum Scenario RM'000	Timeframe for utilisation
Business working capital [#]	19,450	29,940	Within 18 months from the listing of RPS
To defray estimated expenses relating to the Proposals*	550	550	Within 1 month from the listing of the RPS
Total	20,000	30,490	

Notes:

The Group's businesses are organised into two (2) main segments:

- (i) Trading and service segment which is involved in the trading, marketing, distributing of imaging, technology, communication based products, and provision of management services; and
- (ii) Agriculture and energy segment, which is involved in trading and cultivation of agricultural and energy products.

A breakdown of the utilisation of working capital is as follows:

Description	Minimum Scenario RM'000	Maximum Scenario RM'000	
Trading & Services business			
Repayment of trade creditors and bank acceptances for consumer electronic products trading business [@]	9,400	13,190	Within 12 months from the listing of RPS
Agriculture & Energy business			
Inoculation of Aquilaria trees [^]	7,050	11,750	Within 18 months from the listing of RPS
Trading and marketing of gaharu tea ^{##}	1,000	2,000	Within 18 months from the listing of RPS
Provision of solar power solutions in Sabah [†]	2,000	3,000	Within 18 months from the listing of RPS
	19,450	29,940	

[^] The Group commenced the planting of 23,500 Aquilaria seedlings on 27 May 2010 on its 54 acres of land in Kuala Kangsar, Perak. Commercially grown Aquilaria trees are inoculated when they are 5-6 years old to produce agarwood. Gaharu or agarwood is valued for its distinctive fragrance, and is used for incense and perfumes. A kilogramme of unprocessed "Gaharu" heartwood can fetch as much as RM10,000 per kilogramme.

After inoculation, the tree produces a dark aromatic resin in response to the attack, which results in a very dense, dark, resin embedded heartwood called gaharu or agarwood. Oud oil is distilled from agarwood and fetches high prices depending on the oil's purity. Distilled "Gaharu" essential oil can command up to £20,000 (or equivalent to approximately RM110,992 based on the exchange rate of £1= RM5.5496) per kilogramme depending on its purity.

The harvesting of the resin can commence at least two (2) years from the inoculation process.

The cost for the inoculation, which includes the cost of labour for the inoculation and the cost of the chemical injection is approximately RM500 per tree. The Group proposes to inoculate 14,100 trees under the minimum scenario and 23,500 under the maximum scenario.

The Group packages and distributes gaharu tea into its in-house labels such as Treasures and Adorie. Based on forecast orders, the Group will require additional working capital for payment to trade creditors for the distribution of gaharu tea.

@ The proceeds of up to RM13.19 million is proposed to be utilised for the repayment of trade creditors and bankers acceptances settlements for the Group's business in the distribution of consumer electronic products. As at the end of the financial year ended 31 December 2014, the Group's bankers acceptances bore a weighted average effective interest of 5.2% whilst settlement of payment terms to trade creditors within 45 days will entitle the Company early payment discounts of 1.5%. Early payment discounts is estimated at RM1.5 million per annum, whilst savings of bank acceptances charges is estimated at RM0.7 million per annum.

+ The Group has undertaken various solar projects in Sabah amounting to RM5.08 million. The funds are expected to be utilised for the purchase of solar panels, power systems, and other components for solar power solutions.

** If the actual expenses incurred pursuant to the Proposals are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital. In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised for the working capital purposes of the CHB Group.*

The exact quantum of gross proceeds to be raised by CHB from the exercise of Warrants is dependent on the actual total number of Warrants exercised during the tenure of the Warrants.

Assuming full exercise of the Warrants at an exercise price of RM0.10 per Warrant by way of cash subscription, the Company could potentially raise gross proceeds of up to RM30.49 million. The proceeds to be raised, as and when the Warrants are exercised, are proposed to be utilised for the working capital requirements of the CHB Group, which include operating expenses and/or finance costs. The proceeds to be utilised for each component of working capital and its timeframes are subject to the CHB Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

2.2 Proposed Amendments

2.2.1 Proposed IASC

As at 16 March 2015, CHB'S authorised share capital is RM350,000,000 comprising 3,500,000,000 CHB Shares.

In order to facilitate the issuance of RPS pursuant to the Proposed Rights Issue with Warrants, the Board proposes to increase the authorised share capital of CHB to RM360,000,000 comprising 3,500,000,000 Shares and 1,000,000,000 RPS.

2.2.2 Proposed M&A Amendments

The Proposed M&A Amendments entail the consequential amendments to the Memorandum & Articles of Association of CHB to facilitate the issuance of RPS pursuant to the Proposed Rights Issue with Warrants.

Pursuant to the Proposed Amendments (as defined below), the Memorandum and Articles of Association of the Company is proposed to be amended by:-

- (a) deleting Clause 5 of the Memorandum of Association in its entirety and be substituted in place thereof, the following:-

Existing Memorandum and Articles of Association	Proposed Amendments
<u>Clause 5 of the Memorandum of Association</u>	<u>New Clause 5 of the Memorandum of Association</u>
The capital of the Company is RM350,000,000.00 divided into 3,500,000,000 ordinary shares of RM0.10 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The capital of the Company is RM360,000,000.00 divided into 3,500,000,000 ordinary shares of RM0.10 each and 1,000,000,000 redeemable preference shares of RM0.01 each to which shall be attached the special rights, privileges and restrictions.

- (b) deleting Article 11 of the Articles of Association in its entirety.

The Proposed IASC and the Proposed M&A Amendments are collectively known as the "Proposed Amendments".

3. RATIONALE OF THE PROPOSALS

3.1 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants is undertaken to raise adequate working capital for the Group's business growth.

The Proposed Rights Issue with Warrants will provide the entitled shareholders with an opportunity to increase their equity participation in the Company and raise capital at a competitive cost as compared to other means of financing such as through bank borrowings or the issuance of debt instruments.

The issuance of RPS pursuant to the Proposed Rights Issue with Warrants will also minimise the immediate dilution effect on the earnings per share of the Company which would otherwise arise from the issuance of ordinary shares.

The Warrants which are attached together with the RPS will increase the attractiveness of the Proposed Rights Issue with Warrants as it provides the entitled shareholders with the opportunity to increase their equity participation in the Company at a predetermined price during the tenure of the Warrants. In addition, the Warrants will enable the Company to raise further proceeds from the equity market as and when any of the Warrants are exercised.

Based on the above and after taking into consideration other options available, the Board is of the view that the Proposed Rights Issue with Warrants is in the best interest of the Company and shareholders.

3.2 Proposed Amendments

The Proposed IASC and Proposed M&A Amendments are to cater for the issuance of RPS pursuant to the Proposed Rights Issue with Warrants.

4. EFFECTS OF THE PROPOSALS

The Proposed Amendments do not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, earnings, net asset, gearing and any existing convertible securities of the Company.

4.1 Share capital

The proforma effects of the Proposed Rights Issue with Warrants on the issued and paid-up share capital of the Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Existing issued and paid-up share capital	2,134,289,020	213,428,902	2,134,289,020	213,428,902
Shares to be issued assuming full exercise of Warrants	200,000,000	20,000,000	304,898,431	30,489,843
Enlarged issued and paid-up share capital	2,334,289,020	233,428,902	2,439,187,451	243,918,745

4.2 Earnings

The Proposed Rights Issue with Warrants is not expected to have a material effect on the earnings of CHB for the financial year ending 31 December 2015. Barring unforeseen circumstances, the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings of the Group for the ensuing years when the benefits of the utilisation of proceeds raised from the Proposed Rights Issue with Warrants are realised. The proceeds from the Proposed Rights Issue with Warrants are mainly used to fund the Group's business growth, hence increasing the Group's future earnings potential.

The consolidated earnings per share of the Company may be proportionately diluted as a result of the increase in the number of ordinary shares in the Company in issue assuming full exercise of the Warrants.

Notwithstanding the above, the actual impact on the future earnings and consolidated earnings per share will depend on the level of returns generated from the utilisation of proceeds in the Group's business growth in the ensuing years.

4.3 Net assets and gearing

The proforma effects of the Proposed Rights Issue with Warrants and assuming full exercise of Warrants on the consolidated net assets and gearing of the CHB Group based on the audited consolidated financial position of the CHB Group as at 31 December 2013, assuming the Proposed Rights Issue with Warrants was completed on that date, are set out below:-

<u>Minimum Scenario</u>	Audited as at 31 December 2013 RM'000	After the Proposed Rights Issue with Warrants RM'000	Assuming full exercise of Warrants~ RM'000	Upon redemption of the RPS RM'000
Share capital	213,429	213,429	233,429	233,429
Share premium	-	-	4,990 [#]	2,990
Revaluation reserve	37,060	37,060	37,060	37,060
Capital redemption reserve	-	-	-	2,000
Warrant reserve	-	4,990	-	-
Foreign currency translation reserve	(462)	(462)	(462)	(462)
Other reserves	(2,100)	(2,100)	(2,100)	(2,100)
Accumulated losses	(94,814)	(95,364) ⁺	(95,364)	(100,354)
	153,113	157,553	177,553	172,563
No. of ordinary shares ('000)	2,134,289	2,134,289	2,334,289	2,334,289
NA per ordinary share (RM)	0.07	0.07	0.08	0.07
Interest bearing debts	12,626	28,602 [@]	28,602	12,626
Gearing (times)	0.08	0.18	0.16	0.07

Notes:

[@] After taking into account the net present value of the total dividends to be paid on the RPS amounting to RM4.00 million and the liabilities portion of the RPS of RM20.00 million net of the fair value adjustment on Warrants of RM4.99 million (Warrant reserve).

⁺ After deducting estimated expenses of RM0.55 million.

[#] After taking into account the reclassification of the warrant reserve of RM4.99 million.

[~] Based on the exercise price of RM0.10 per Warrant.

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<u>Maximum Scenario</u>	Audited as at 31 December 2013 RM'000	After the Proposed Rights Issue with Warrants RM'000	Assuming full exercise of Warrants~ RM'000	Upon redemption of the RPS RM'000
Share capital	213,429	213,429	243,919	243,919
Share premium	-	-	7,607	4,558
Revaluation reserve	37,060	37,060	37,060	37,060
Capital redemption reserve	-	-	-	3,049
Warrant reserve	-	7,607	-	-
Foreign currency translation reserve	(462)	(462)	(462)	(462)
Other reserves	(2,100)	(2,100)	(2,100)	(2,100)
Accumulated losses	(94,814)	(95,364) ⁺	(95,364)	(102,971)
	153,113	160,170	190,660	183,053
No. of ordinary shares ('000)	2,134,289	2,134,289	2,439,187	2,439,187
NA per ordinary share (RM)	0.07	0.08	0.08	0.08
Interest bearing debts	12,626	36,981 [@]	36,981	12,626
Gearing (times)	0.08	0.23	0.19	0.07

Notes:

[@] After taking into account the net present value of the total dividends to be paid on the RPS amounting to RM6.10 million and the liabilities portion of the RPS of RM30.49 million net of the fair value adjustment on Warrants of RM7.61 million (Warrant reserve).

⁺ After deducting estimated expenses of RM0.55 million.

[#] After taking into account the reclassification of the warrant reserve of RM7.61 million.

[~] Based on the exercise price of RM0.10 per Warrant.

4.4 Convertible Securities

The Company does not have any convertible securities as at the date of this announcement.

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4.5 Substantial shareholders' shareholdings

Minimum Scenario: Assuming no entitled shareholders subscribe for their entitlements and only Goh Kheng Peow subscribes for the RPS pursuant to his Undertaking

Substantial shareholder	As at the date of this announcement				(I) After Proposed Rights Issue with Warrants				(II) After (I) and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000		'000		'000		'000		'000	
Goh Kheng Peow*	441,075	20.67	79,671	3.73	441,075	20.67	79,671	3.73	641,075	27.46	79,671	3.41
See Thoo Chan [#]	71,671	3.36	449,075	21.04	71,671	3.36	449,075	21.04	71,671	3.07	649,075	27.81
Keane Goh Yan Han [^]	8,000	0.37	512,746	24.02	8,000	0.37	512,746	24.02	8,000	0.34	712,746	30.53

Maximum Scenario: Assuming all entitled shareholders subscribe in full for their entitlements under the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will not have any effect on the substantial shareholders' shareholdings of CHB. However, assuming all entitled shareholders subscribe in full for their entitlements under the Proposed Rights Issue with Warrants and exercise in full their Warrants, there will be no effect to the percentage shareholdings of the shareholders, but the number of CHB Shares held by each shareholder will increase proportionately as set out below:-

Substantial shareholder	As at the date of this announcement				(I) After Proposed Rights Issue with Warrants				(II) After (I) and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000		'000		'000		'000		'000	
Goh Kheng Peow*	441,075	20.67	79,671	3.73	441,075	20.67	79,671	3.73	504,086	20.67	91,053	3.73
See Thoo Chan [#]	71,671	3.36	449,075	21.04	71,671	3.36	449,075	21.04	81,910	3.36	513,229	21.04
Keane Goh Yan Han [^]	8,000	0.37	512,746	24.02	8,000	0.37	512,746	24.02	9,143	0.37	585,996	24.02

Notes:-

* Deemed interest by virtue of his spouse and son's interest in the Company pursuant to Sections 134 and 6A of the Companies Act, 1965.

Deemed interest by virtue of her spouse and son's interest in the Company pursuant to Sections 134 and 6A of the Companies Act, 1965.

^ Deemed interest by virtue of his parents' interest in the Company pursuant to Sections 134 and 6A of the Companies Act, 1965.

5. APPROVALS REQUIRED

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

- (i) Bursa Securities, for the:
 - (a) admission of the RPS and Warrants to the Main Board of Bursa Securities; and the
 - (b) listing of and quotation for the RPS, Warrants and the new CHB Shares to be issued arising from the exercise of Warrants pursuant to the Proposed Rights Issue with Warrants;
- (ii) Bank Negara Malaysia for the issuance of RPS to non-residents pursuant to the Proposed Rights Issue with Warrants;
- (iii) shareholders of CHB at an extraordinary general meeting to be convened for the Proposals; and
- (iv) other relevant authorities, if required.

The Proposals, individually and collectively, are not conditional upon any other corporate exercises of the CHB Group.

The Proposed Rights Issue with Warrants is inter-conditional with the Proposed Amendments.

The Proposed IASC is inter-conditional with the Proposed M&A Amendments.

6. DIRECTORS' AND MAJOR SHAREHOLDER'S INTERESTS

None of the Directors and/or major shareholder of the Company, and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants and Proposed Amendments, other than their respective entitlements in respect of the Proposed Rights Issue with Warrants as shareholders of CHB, for which all other shareholders of CHB are entitled to, including the right to apply for excess RPS with Warrants.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, is of the opinion that the Proposed Rights Issue with Warrants and the Proposed Amendments are in the best interest of CHB.

8. ESTIMATED TIMEFRAME FOR SUBMISSION AND COMPLETION

The Proposals are expected to be submitted to the relevant authorities within two (2) months from the date of this announcement.

Barring unforeseen circumstances and subject to obtaining all the required approvals, the Proposals are expected to be completed by the fourth quarter of 2015.

9. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposals, there are no other proposals which have been announced but pending implementation.

This announcement is dated 18 March 2015.